Report

OF THE

Bombay Chamber of Commerce

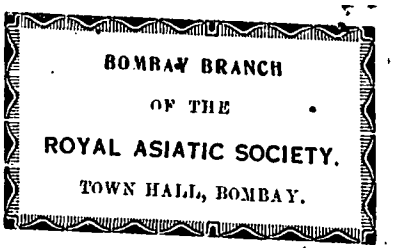
FOR THE YEAR 1943

(*Established* 22*nd September* 1836)

(*Incorporated* 18*th June* 1924)

BOMBAY
G. CLARIDGE AND CO., LTD.
1944.

00133622



Digitized with financial assistance from
Government of Maharashtra
on 01 February, 2020

12/1
-16

REPORT

OF THE

COMMITTEE

OF THE

Bombay Chamber of Commerce

133622

FOR THE YEAR 1943

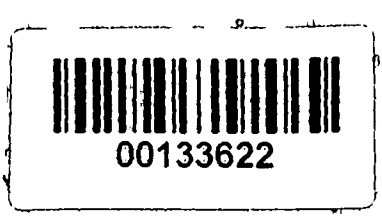
LIBRARY OF THE BOMBAY BRANCH OF THE ROYAL ASIATIC SOCIETY

COMMITTEE.

L. A. HALSALL, Esq. (*President*).
A. L. HUTSON, Esq. (*Vice-President*).
A. H. BAKER, Esq.
R. W. BULLOCK, Esq.
C. J. DAMALA, Esq.
W. KERR, Esq.
MANEKLAL PREMCHAND, Esq.
W. L. A. RADCLIFFE, Esq.
G. H. J. RICHMOND, Esq.
W. G. J. SHAW, Esq.
G. S. TAUNTON, Esq.

12-1-96

Presented to the Annual General Meeting held on 29th March 1944.


00133622

CONTENTS.

	Page
Accounts of the Chamber	149
Agreement of United Nations Relief and Rehabilitation Administration.	57
Agricultural Research, Imperial Council—Associated Chambers' representative	14
Air Conditioning Sets—Requisitioning by Government	42
Airgraph Service	122
Air Mails to United Kingdom	123
Articles of Association of the Chamber—Amendment	1
Associated Chambers of Commerce of India—Annual Meeting	13
Auxiliary Force Advisory Committee—Chamber's representative	2
Back Bay Reclamation Scheme—Chamber's representative	3
Banking Legislation	62, 175
Basket Making Industry—Development	139
Bills of Lading—Faulty Remarks	125
Books for the Services	145
Budget Speech—Finance Member	204
Budget Proposals—Government of India	62
Bus and Tramway Services—Staggering of office hours to prevent congestion	129
Capital Goods (Machinery), Post War Requirements	57
Capital Issues Control	30
C.i.f. Contracts and War Risk Insurance	141
Clerical and Administrative Personnel	137
Coal Statistics	261
Committee of the Chamber—Increase in number	1
"Corps of Commissionaires"	143
Cotton Bales, unmarked—Delivery of, by steamship company	125
Cotton, African—Imports into India	111
Cotton Cloth and Yarn—Control Order	31, 157
Cotton Cloth Movement Control	37, 164
Cotton Statistics	264
Country Craft—Manifests	9
Daylight Saving in India	59
Dearness Allowance to Chamber's Staff	8
Dearness Allowance to Staffs in Commercial Offices	135
Docks—Free Days for storage	126
Empire Cotton Growing Corporation—Chamber's representative.	3
Engineering Manufacturing Interests—Advisory Committee	39
Engineering Stores, imported—Control	38
Excess Profits Tax—Bonus, Commission and Trading Stocks	90, 189
—Compulsory Deposits	83
—Disallowance in Ceylon and Travancore	84
—Dividends Received by Investment Companies	87

	PAGE
Export Advisory Council—Bombay Port Committee	40
Export Trade Controller—Advisory Committee—Chamber's representative	4
Ex-Services Association Bombay Branch—Chamber's representative	6
Finance Act 1943	198
Financial Statistics	254
Fire Insurance Premia	102
Food Rationing	24
Free Days for Storage at the Docks	126
Godown Accommodation Advisory Panel—Chamber's representative	4
Government of India Budget proposals	62
Gunnies Advisory Panel—Chamber's representative	5
Hoarding and Profiteering Prevention Ordinance	14
Hoarding and Profiteering—Trade Panel—Chamber's representative	5
Holidays—Banks half-yearly closing	143
—Public	143
Hospital Trust—Chamber's nominee	2
Huque, Sir Azizul—Visit to the Chamber	9
Income-tax—Allowance for Repairs under Section 9(1) (i)	73
—Annual return of employees' incomes	78
—Appeals against Section 18(3A)	69
—Appellate Tribunal	70
—A.R.P. Expenditure—Insurance Companies	78
—Oil Companies	77
—Dearness Allowances, suggested exemption	74
—Deduction by employers	79
—Depreciation—hire purchase	74
—Dipavali and Murat expenses	76
—Professional Fees	77
—Rate applicable to Insurance Companies	71
—Sale of Factory—Allowance for loss	75
—Trade Marks—Registration costs	72
Income-tax and Excess Profits Tax—Legal expenses—leases	81
—Interest bearing deposits—acceptance against payment	81
Industrial Research	140
Insurance charges on goods shipped to West Africa	102
Insurance—Compulsory third party for Motor Cars	105
—Fire Premia	102
—Inadequate marking of cargo for export	105
—Marine, " British Insurance Companies "	101
Jute Trade	139
Kizilbash, Khan Bahadur M.M.H.—Visit to the Chamber	13

	PAGE
Kirby, Mr. W. H.—Visit to the Chamber	12
Legislative enactments affecting Commerce	146
Liability for goods lost while in possession of the Port Trust	128
Lifts—Control of	101
Lighthouses, Central Advisory Committee—Associated Chambers' nominees	14
Manifests of Country Craft	9
Measurement Department—Rules	243
—Statistics	251
Membership of the Chamber	v, 7
Merchandise Marks Act—Country of Origin	111
—Marking of cotton yarn and thread	108
—Trade description of count of yarn	106
Monsoon—Bursting of	138
Motor Buses in Bombay	129
Motor Cars—Compulsory Third Party Insurance	105
Persian Gulf Lights	126
Piecegoods—Railway Packing conditions	116
Pillai, Mr. N. R.—Visit to the Chamber	9
Polish Orphan Children	145
Port Trust—Chamber's representatives	1
Port Trust—Liability for goods lost	128
Post-war Passages to the United Kingdom	60
President, Vice-President and Committee of the Chamber	viii, 1
Price Control and Rationing	26
Provincial Transport Authority—Bombay—Chamber's representative.	5
Public Debt Management	62
Railway Budget 1944-45	230
Rail Traffic—Diversion to Country Craft	118
Rail Travel—Discouragement of long-distance travel	120
Railway Classification of Goods	115
Railways—Packing Conditions of Piecegoods	116
Rainfall Statistics	272
Red Cross Week—Bombay	146
Register of Scientists and Scientific Resources in India	58
Relief and Rehabilitation Administration—Agreement of United Nations	57
Rents for Business Premises	46
Requisitioning—of business and residential premises by Government	45
—of air conditioning sets by Government	42
—of imported goods by the Department of Supply	44
Royal Bombay Seamen's Society—Chamber's representative	3
Sassoon, Brigadier R. M.—Visit to the Chamber	12
Seamen's Society, Royal Bombay—Chamber's representative	3
Sheehy, Sir John—Visit to the Chamber	65

	PAGE
Ships, Enemy—at Marmagao	61
Sickness Insurance	134
Smoke Nuisances Commission—Chamber's representative	2
Srivastava, Sir J. P.—Visit to the Chamber	12
Sub Committees	6
Sukthankar, Mr. Y. N.—Visit to the Chamber	12
Supply Department—Arbitrary clauses in contracts	142
—Revised procedure under the Hoarding and Profiteering Prevention Ordinance	23
Tariff Valuations—Agricultural Produce	106
—Imports	106
Telegraphic Addresses	122
Terminal Tax—F.o.r. quotations	140
Textiles—Suggested Prohibition of export	115
Tonnage Scale—Testing Bin	8
Trade Marks Advisory Committee—Chamber's representative	4
Trade Marks Act and Indian States	99
—Calcutta Registry	96
—Concurrent user	98
—Regrouping of classification of textiles	99
—Trade Marks Journal	98
Trade Statistics Indian	256
Trade Unions—Proposed compulsory recognition by employers	130
Trunk Telephone Service	124
University—Chamber's representative on the Senate	2
United Nations Relief and Rehabilitation Administration—Agreement	57, 167
Visit to the Chamber—Sir Azizul Huque, Commerce Member	9
—Khan Bahadur M. M. H. Kizilbash	13
—Mr. W. H. Kirby	12
—Mr. N. R. Pillai	9
—Brigadier R. M. Sassoon	12
—Sir John Sheehy	65
—Sir J. P. Srivastava	12
—Mr. Y. N. Sukthankar	12
Wadi Bunder—Sunday deliveries	121
War Injuries (Compensation Insurance) Act	55
War Risks (Factories) Insurance—Commercial Buildings	54
—Inland Vessels	54
—Tramways	53
—Transfer of property from one factory to another	52
War Risks (Goods and Factories) Insurance—Continuance	48
—Rates of Premium	49
—Stores and Machinery spare parts	50
War Risks (Goods) Insurance—Valuation of bonded goods	48
—Valuation for insurance purposes	46
Weather Working Days	138
Wheat Statistics	261

Bombay Chamber of Commerce.

ESTABLISHED 22ND SEPTEMBER 1836.

Honorary Members.

SIR WALTER WILLSON.
SIR ARTHUR FROOM.
SIR LESLIE HUDSON.

MR. H. R. GOLLAN (*Australian Government Trade Commissioner in India*).
MR. W. D. M. CLARKE (*His Majesty's Trade Commissioner at Bombay*).
MR. PAUL SYKES (*Canadian Government Trade Commissioner for India, Burma and Ceylon*).
MR. I. E. GRANT SMITH (*South African Government Trade Commissioner for the East*).

Members.

ACME THREAD CO.
ALEXANDER & CO.
ALLIED PUBLISHERS AND STATIONERY MANUFACTURERS, LTD.
AMERICAN EXPRESS CO. INC.
ANCHOR LINE LTD.
ANDREW YULE & CO., LTD.
ANGLO-IRANIAN OIL CO., (INDIA), LTD.
ANGLO-THAI CORPORATION, LTD.
ARDESHIR B. CURSETJEE & SONS.
ARMSTRONG SMITH, LTD.
ASBESTOS CEMENT LTD.
ASPDENS LTD.
ASSOCIATED CEMENT COMPANIES, LTD.
W. & T. AVERY, LTD.
BATLIBOI & CO.
W. A. BEARDSELL & CO., LTD.
BELL, RUSS & CO., LTD.
BENNETT, COLEMAN & CO., LTD.
BLACKIE & SON (INDIA), LTD.
BLUNDELL, SPENCE & CO., LTD.
BOMBAY COMPANY, LTD.
BOMBAY DYEING & MANUFACTURING CO., LTD.
BOMBAY ELECTRIC SUPPLY & TRAMWAYS CO., LTD.
BOMBAY GAS CO., LTD.
BOOTS PURE DRUG CO., LTD.
W. H. BRADY & CO., LTD.
BREUL & CO.
BRITISH DRUG HOUSES LTD.
BURMAH-SHELL OIL STORAGE & DISTRIBUTING CO. OF INDIA, LTD.
W. J. BURROWS.
CALLENDER'S CABLE & CONSTRUCTION CO., LTD.
CALTEX (INDIA), LTD.
SHIAVAX C. CAMBATA & CO., LTD.
CARD CLOTHING AND BELTING, LTD
CARR & CO., LTD.
CEMENT MARKETING CO. OF INDIA, LTD.
CENTRAL AGENCY, LTD.
CHATURBHUJ BHAICHANDBHAI & CO.
CHELLSONS LTD.
F. M. CHINOY & CO., LTD.
CHUGONDAS & CO.
CHUNILAL MEHTA & CO., LTD.
CIBA (INDIA), LTD.
THOS. COOK & SON, LTD.
CORN PRODUCTS CO., (INDIA), LTD.
COX & KINGS (AGENTS), LTD.
CRAIGIE, BLUNT & CAROE.
CRAWFORD, BAYLEY & CO.
CROFT & FORBES.
CUTLER, PALMER & CO.
W. H. DEETH & CO.
DRENNAN & CO.
DUNCAN, STRATTON & CO., LTD.
EAST ASIATIC CO., LTD.
ENGLISH ELECTRIC CO., LTD.
FAZALBHOY LTD.
A. F. FERGUSON & CO.
JAMES FINLAY & CO., LTD.
FIRESTONE TYRE & RUBBER CO. OF INDIA, LTD.
FLEMING SHAW & CO., LTD.
FORBES, FORBES, CAMPBELL & CO., LTD.
FORD MOTOR CO. OF INDIA, LTD.
FORD, RHODES & PARKS.
H. J. FOSTER & CO., LTD.
FRENCH MOTOR CAR CO., LTD.
GANNON, DUNKERLEY & CO., LTD.
GENERAL ELECTRIC CO. (INDIA), LTD.
GENERAL MOTORS INDIA, LTD.
GILL & CO.
GILLANDERS, ARBUTHNOT & CO.

Glenfield & Kennedy, Ltd.
Goodlass Wall (India), Ltd.
Grahams Trading Co. (India), Ltd.
Gramophone Company, Ltd.
Greaves Cotton & Co., Ltd.
Grindlay & Co., Ltd.
Guest, Keen, Williams, Ltd.
Hardcastle Waud & Co., Ltd.
Heatly & Gresham, Ltd.
W. T. Henley's Telegraph Works Co., Ltd.
Herbertsons, Ltd.
Hill, Elliott & Co., Ltd.
Hindustan Vanaspati Manufacturing Co., Ltd.
Holland Bombay Trading Co. (India).
Imperial Chemical Industries (India), Ltd.
Imperial Tobacco Co. of India, Ltd.
Indian Oxygen & Acetylene Co., Ltd.
Indian Radio & Cable Communications Co., Ltd.
International General Electric Co. (India), Ltd.
Jayant Trading Co.
Johnson and Phillips, Ltd.
Jost's Engineering Co., Ltd.
Kemp & Co., Ltd.
Kilachand Devchand & Co., Ltd.
Killick Nixon & Co.
Kinematograph Renters' Society of India, Burma & Ceylon, Ltd.
Kishinchand Chellaram.
Kodak Ltd.
Larsen and Toubro.
Lever Brothers (India), Ltd.
Lewis & Jones.
Lionel Edwards, Ltd.
Lipton Ltd.
Little & Co.
Lloyd's Agency, Bombay.
Longmans Green & Co., Ltd.
Louis, Dreyfus & Co., Ltd.
Mackinnon, Mackenzie & Co.
Madhavlal & Co., Ltd.
Marshall Sons & Co. (India), Ltd.
Martin & Harris, Ltd.
May & Baker (India), Ltd.
McKenzies, Ltd.
Metal Box Co. of India, Ltd.
Metcalfe & Hodgkinson.
Millars' Timber & Trading Co., Ltd.
Mooljee Jaitha & Co.
J. L. Morison Son & Jones (India), Ltd.
M. A. Mullick & Co., Ltd.
Narandas Rajaram & Co.
Nestle & Anglo-Swiss Condensed Milk (Export) Co., Ltd.
Netherlands Trading Society.
Ormerods (India), Ltd.
F. & C. Osler, Ltd.
Parke, Davis & Co.
C. E. Patail.
Phipson & Co., Ltd.
Pilkington Brothers, Ltd.
Pinchin, Johnson & Co., Ltd.
Pohoomull Bros. (India).
Premchand Roychand & Sons, Ltd.
Purdie & Co.
Ralli Brothers, Ltd.
Remington Rand Inc.
Reuter's Ltd.
Richardson & Cruddas.
SKF Ball Bearing Co., Ltd.
Sapt Textile Products (India), Ltd.
David Sassoon & Co., Ltd.
E. D. Sassoon & Co., Ltd.
Sassoon J. David & Co., Ltd.
Shalebhoy Tyebjee & Sons.
Sharp & Tannan.
Shaw Wallace & Co.
M. Sidique & Co.
Sizing Materials Co., Ltd.
Smith Stanistreet & Co., Ltd.
Society of Motor Manufacturers & Traders, Ltd.
Spencer & Co., Ltd.
E. Spinner & Co.
Standard-Vacuum Oil Co.
Steel Bros. & Co., Ltd.
Stewarts & Lloyds of India, Ltd.
J. Stone & Co. (India), Ltd.
L. A. Stronach & Co. (India), Ltd.
W. T. Suren & Co.
Tata Hydro-Electric Power Supply Co., Ltd.
Tata Iron & Steel Co., Ltd.
Tata Sons, Ltd.
Turner, Hoare & Co., Ltd.
Turner, Morrison & Co., Ltd.
United Eastern Agencies, Ltd.
United Steel Companies (India), Ltd.
United Traders Ltd.
Victor X-Ray Corporation (India), Ltd.
Vissanji Sons & Co.
Volkart Brothers.
C. C. Wakefield & Co., Ltd.
Wallace & Co.
Western India Match Co., Ltd.
William Jacks & Co.
Wolverhampton Works Co., Ltd.
Worthington Simpson, Ltd.
Atlas Assurance Co., Ltd.

COMMERCIAL UNION ASSURANCE CO., LTD.
EAGLE STAR INSURANCE CO., LTD.
GENERAL ACCIDENT, FIRE AND LIFE ASSURANCE CORPORATION, LTD.
GRESHAM LIFE ASSURANCE SOCIETY, LTD.
HABIB INSURANCE CO., LTD.
LONDON & LANCASHIRE INSURANCE CO., LTD.
NEW INDIA ASSURANCE CO., LTD.
NEW ZEALAND INSURANCE CO., LTD.
ORIENTAL GOVT. SECURITY LIFE ASSURANCE CO., LTD.
PEARL ASSURANCE CO., LTD.
ROYAL INSURANCE CO., LTD.
SOUTH BRITISH INSURANCE CO., LTD.
SUN LIFE ASSURANCE CO. OF CANADA.
TRITON INSURANCE CO., LTD.
YORKSHIRE INSURANCE CO., LTD.

ALLAHABAD BANK, LTD.
BANK OF INDIA, LTD.
CHARTERED BANK OF INDIA, AUSTRALIA & CHINA.
COMPTOIR NATIONAL D'ESCOMPTE DE PARIS.
EASTERN BANK, LTD.
HABIB BANK, LTD.
HONGKONG & SHANGHAI BANKING CORPORATION.
IMPERIAL BANK OF INDIA.
LLOYDS BANK LIMITED.
MERCANTILE BANK OF INDIA, LTD.
NATIONAL BANK OF INDIA, LTD.
NEDERLANDSCHE INDISCHE HANDELSBANK.
B. B. & C. I. RAILWAY COMPANY.
G. I. P. RAILWAY.
MADRAS & SOUTHERN MARATHA RAILWAY CO., LTD.

RETIRING COMMITTEE.	COMMITTEE FOR 1944-45.
L. A. HALSALL, ESQ. (*President*).	A. L. HUTSON, ESQ. (*President*).
A. L. HUTSON, ESQ. (*Vice-President*).	W. L. A. RADCLIFFE, ESQ. (*Vice-President*).
A. H. BAKER, ESQ.	A. H. BAKER, ESQ.
R. W. BULLOCK, ESQ.	L. P. S. BOURNE, ESQ.
C. J. DAMALA, ESQ.	R. W. BULLOCK, ESQ.
W. KERR, ESQ.	C. J. DAMALA, ESQ.
MANEKLAL PREMCHAND, ESQ.	W. KERR, ESQ.
W. L. A. RADCLIFFE, ESQ.	MANEKLAL PREMCHAND, ESQ.
G. H. J. RICHMOND, ESQ.	G. H. J. RICHMOND, ESQ.
W. G. J. SHAW, ESQ.	W. G. J. SHAW, ESQ.
G. S. TAUNTON, ESQ.	B. J. WHITBY, ESQ.

C. H. COURTHOPE-MUNROE, ESQ., *Secretary*.
H. ROYAL, ESQ., M.B.E., *Asst. Secretary*.

CHAMBER'S REPRESENTATIVES.

Council of State	THE HON'BLE MR. R. H. PARKER.
Bombay Legislative Assembly	J. B. GREAVES, ESQ., C.B.E., M.L.A.
,, ,, ,,	D. W. MULLOCK, ESQ., M.L.A.
Bombay Port Trust	W. A. BELL, ESQ.
,, ,, ,,	L. P. S. BOURNE, ESQ.
,, ,, ,,	R. W. BULLOCK, ESQ.
,, ,, ,,	R. C. LOWNDES, ESQ.
,, ,, ,,	A. MCINTOSH, ESQ.
Bombay Municipal Corporation	H. CHAMBERLAIN, ESQ.
Fellow of the Bombay University	J. M. B. GIBBONS, ESQ.
Sydenham College of Commerce Advisory Board	R. W. BULLOCK, ESQ.
Bombay Smoke Nuisances Commission	H. F. MILNE, ESQ.
Persian Gulf Lights Committee	C. F. MORRIS, ESQ.
Governor's Hospital Fund	A. S. TROLLIP, ESQ., C.I.E.
Hospital Trust	J. M. B. GIBBONS, ESQ.
Indian Central Cotton Committee	L. F. H. GOODWIN, ESQ.
Empire Cotton Growing Corporation	S. B. SAMOILYS, ESQ.
Back Bay Reclamation Standing Advisory Committee	L. A. HALSALL, ESQ.
Traffic Committee	J. S. R. SPELMAN, ESQ.

Trade Marks Advisory Committee ..	A. SOTIRIADI, ESQ.
Auxiliary Force Advisory Committee ..	L. A. HALSALL, ESQ.
Ex-Services Association (India)	A. L. HUTSON, ESQ. (*Ex-officio*).
Ex-Services Association—Bombay Branch.	C. H. COURTHOPE-MUNROE, ESQ.
Indian Central Lighthouse Committee ..	L. P. S. BOURNE, ESQ.
Indian Sailors' Home	C. E. LEMAN, ESQ.
Royal Bombay Seamen's Society ..	C. H. COURTHOPE-MUNROE, ESQ.
Federation of Chambers of Commerce of the British Empire	SIR GEOFFREY WINTERBOTHAM.
I.M.M.T.S. "Dufferin"	L. P. S. BOURNE, ESQ.
Railway Closer Contact Committee ..	L. A. HALSALL, ESQ.
Local Railway Advisory Committee—	
G. I. P. Railway	C. W. WARRINGTON, ESQ.
B. B. & C. I. Railway	
Railway Rates Advisory Committee ..	G. H. RICHMOND, ESQ.
,, ,, ,, ,, ..	C. J. DAMALA, ESQ.
,, ,, ,, ,, ..	L. A. HALSALL, ESQ.
,, ,, ,, ,, ..	A. P. DARLOW, ESQ.
Bombay Board of Communications ..	G. P. PACKENHAM-WALSH, ESQ.
National Service Advisory Committee ..	J. M. B. GIBBONS, ESQ.
Bombay Provincial Transport Authority ..	J. M. B. GIBBONS, ESQ.
Transport Advisory Board Advisory Panel.	J. M. B. GIBBONS, ESQ.
Bombay Provincial Advisory Committee for War Supplies	R. W. BULLOCK, ESQ.
Food Advisory Council	J. M. B. GIBBONS, ESQ.
War Risk (Factories) Insurance Scheme Advisory Committee	R. W. BULLOCK, ESQ.
War Risk Insurance Schemes—Claims Committee	L. A. HALSALL, ESQ.
Yarn Advisory Committee	J. C. LANCASHIRE, ESQ.
Advisory Panel to Assistant Director-General, Cotton Textiles	J. SLATER, ESQ.
Advisory Committee to Export Trade Controller	L. F. H. GOODWIN, ESQ.
Godown Accommodation Advisory Panel ..	D. MOIR, ESQ.
Jute Goods Advisory Panel	C. J. DAMALA, ESQ.
Hoarding and Profiteering Prevention Ordinance—Trade Panel	C. D. PRIESTLEY, ESQ.

CHAIRMEN, PRESIDENTS AND SECRETARIES OF THE BOMBAY CHAMBER OF COMMERCE.

Chairmen.

J. Skinner	1836–37	A. H. Campbell	1852–53
M. T. Brownrigg	1837–38	H. B. Gilmour	1853–54
H. G. Gordon	1838–39	James Graham	1854–55
J. Skinner	1839–40	W. F. Hunter	1855–56
T. R. Richmond	1840–41	A. T. Binny	1856–57
C. B. Skinner	1841–42	H. B. Gilmour	
S. D. Murray	1842–43	John Fleming	1857–58
J. Wright	1843–44	Robert Ryrie	1858–59
E. Lyon		H. D. Cartwright ..	1859–60
T. Cardwell	1844–45	Henry Scott	
J. Smith	1845–46	Andrew Grant	1860–61
W. Graham	1846–47	George Hamilton ..	
John Parsons	1847–48	George Lord	
A. G. Latham	1848–49	James N. Fleming ..	1861–62
Robert Strong	1849–50	Michael H. Scott	
W. S. Grey	1850–51	Robert Hannay	1862–63
John Parsons	1851–52	Alexander Brown ..	

Chairmen—contd.

Andrew Grant	1863–64
A. C. Gumpert, Alexander Stewart	1864–65
A. J. Hunter	1865–66
W. Christian, A. J. Hunter, Alexander Brown	1866–67
J. Foggo	1867–68
Hamilton Maxwell	1868–69
H. E. Astley, D. Graham	1869–70
A. D. Grant	1870–71
W. G. Hall	1871–72
J. K. Bythell	1872–73
H. E. Bright, E. Lord	1873–74
D. Watson	1874–75
J. A. Forbes	1875–76
G. F. Henry, Donald Graham	1876–77
Walter Lang	1877–78
M. Mowat	1878–79
C. Macdonald	1879–80
J. N. Graham	1880–81
E. Comber, W. M. Macaulay	1881–82
James Thorburn	1882–83
Sir F. Forbes Adam, C.I.E.	1883–84, 1884–85, 1886, 1887, 1888, 1889
A. F. Beaufort	*1890
L. R. W. Forrest	*1890, 1891, *1892
J. L. Symons	*1892
R. S. Campbell	*1893
W. R. Macdonell	*1893, 1894, 1895
A. F. Beaufort	1896
A. Abercrombie	1897
R. H. Macaulay	1898
A. Abercrombie	1899
William Greaves,	1900, 1901, *1902
J. M. Dick	*1902, 1903
C. H. Armstrong	1904, 1905
H. E. E. Procter	1906
C. H. Armstrong	1907
Sir Henry Procter	1908
C. H. Armstrong	1909
R. G. Monteath	1910
Sir Chas. Armstrong	1911, 1912, 1913
Marshall F. Reid, C.I.E.	1914
T. W. Birkett	1915
J. S. Wardlaw Milne	1916
Malcolm N. Hogg	1917, 1918
Nigel F. Paton	1919
A. H. Froom	1920
H. P. W. Macnaghten	1921
Sir Frank Nelson	1922, 1923

Presidents.

L. S. Hudson	1924
V. A. Grantham	1925
Sir Joseph Kay	1926
Sir Leslie Hudson	1927
Sir Hugh Cocke	1928
G. L. Winterbotham	1929
J. R. Abercrombie, M.C.	1930
E. Miller	1931
R. R. Haddow	*1932
Sir Hugh Cocke	*1932
W. G. Lely	1933
G. L. Winterbotham	1934
Sir John Abercrombie, M.C.	1935
L. A. Halsall	1936
G. H. Cooke	1937
A. McIntosh	1938
A. K. G. Hogg	1939
C. P. Bramble	1940
J. M. B. Gibbons	1941, 1942
L. A. Halsall	1943
A. L. Hutson	1944

Secretaries.

R. X. Murphy	1836–38
J. E. Brenan	1838
R. X. Murphy	1838–41
T. J. A. Scott	1841–46
John Connon	1846–57
John Mawson	1857–59
J. A. Crowe (Acting)	1858–59
H. Brooke	1859–64
James Taylor	1864–73
John Gordon	1873–84
David Watson (Acting)	1881–82
John Marshall	1884–98
Frederick Noel Paton	1898–1905
J. B. Leslie-Rogers	1905–1911
R. E. Gregor-Pearse	1912–1920
C. B. Sayer	1921–1925
R. J. F. Sulivan	1925–1937
C. H. Courthope-Munroe —Appointed 1937.	

* Past year.

List showing the various Statistical Returns and other
their respective
(From 1st

(All Subscriptions are

	Members.								
	Yearly.			Monthly.			Charge per copy.		
	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.
Chamber Membership	360	0	0	..			..		
Complete set of Statistical Returns ..	700	0	0	..			..		
Daily Trade Return (Exports and Imports)	160	0	0	16	0	0	1	0	0
Daily Arrivals of Cotton, Wheat, Seeds, etc., by Rail and Sea	192	0	0	20	0	0	1	0	0
Import Manifests. (Issued twice a week).	200	0	0	20	0	0	2	8	0
Export Manifests. (Issued twice a week).	200	0	0	20	0	0	2	8	0
Current Quotations. (Issued weekly) ..	..			Free.			..		
Detailed Monthly Return of Principal Imports from Europe and elsewhere ..	32	0	0	..			4	0	0
Monthly Statement showing the Exports from India of Cotton, Wheat and Seeds.	32	0	0	..			4	0	0
Monthly Return showing Stocks and Deliveries of Piecegoods, Yarns, Copper, Yellow Metal Sheets and Aluminium..	24	0	0	..			3	0	0
Monthly Summary of Exports from Bombay of Foodstuffs, Seeds, Oil Cakes and Sundry Commodities	64	0	0	..			6	0	0
New Statistical Returns.									
Monthly Return of Imports of Piecegoods and Yarns into Bombay	30	0	0	..			2	8	0
Do. do. extra copy.	18	0	0	..			..		
Monthly Return of Exports of Cotton by Sea from Bombay	24	0	0	..			2	0	0
Do. do. extra copy.	12	0	0	..			..		
Memorandum and Articles of Association of the Chamber	..			..			1	0	0
Tonnage Schedule	..			..			0	8	0
Annual Report of the Chamber	One copy additional			free and for copies each			10	0	0
Index to the Chamber's Annual Reports (1836-1905)	..			..			5	0	0
Decisions on Shipping and Mercantile Matters (1882-1932), Fifth Edition ..	..			..			5	0	0

Publications issued by the Bombay Chamber of Commerce, Subscriptions, &c.

January 1936.)

payable in advance.)

Non-Members.			Postage.		
Yearly.	Monthly.	Charge per copy.	Yearly.	Monthly.	
Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	
..	..	..	..	..	
..	..	..	..	..	
200 0 0	20 0 0	1 4 0	9 0 0	0 12 0	Mail.
			12 0 0	1 0 0	Inland.
240 0 0	25 0 0	1 4 0	9 0 0	0 12 0	Mail.
			12 0 0	1 0 0	Inland.
250 0 0	25 0 0	3 2 0	12 0 0	1 0 0	Mail.
			9 0 0	0 12 0	Inland.
250 0 0	25 0 0	3 2 0	12 0 0	1 0 0	Mail.
			9 0 0	0 12 0	Inland.
40 0 0	4 0 0	1 8 0	2 0 0	0 3 0	
40 0 0	..	5 0 0	0 9 0	0 0 9	
40 0 0	..	5 0 0	0 9 0	0 0 9	
30 0 0	..	3 12 0	0 9 0	0 0 9	
80 0 0	..	7 8 0	0 9 0	0 0 9	
37 8 0	..	3 2 0	3 12 0	0 5 0	Mail.
			2 4 0	0 3 0	Inland.
..	..	..	..	..	
30 0 0	..	2 8 0	0 9 0	0 0 9	
..	..	..	..	..	
				0 2 0	Mail.
..	..	5 0 0	..	0 1 3	Inland.
				0 0 9	Mail.
..	..	0 8 0	..	0 0 9	Inland.
				1 0 0	Mail.
..	..	15 0 0	..	0 12 0	Inland.
				1 0 0	Mail.
..	..	5 0 0	..	1 0 0	Inland.
				0 4 0	Mail.
..	..	5 0 0	..	0 3 0	Inland.

Bombay Chamber of Commerce

ANNUAL GENERAL MEETING

THE Annual General Meeting of the Members of the Bombay Chamber of Commerce was held in the rooms of the Chamber, Mackinnon Mackenzie and Company's Building, Ballard Estate, on Wednesday, 29th March 1944, at 11-30 a.m. to transact the following business :—

1. To adopt the Report of the Committee of the Chamber for the year 1943.
2. To elect eight ordinary members of the Committee of the Chamber for the year 1944-45 in accordance with the provisions of Article 41.
3. To appoint Auditors of the Chamber's Accounts for the year 1944, and to fix their remuneration.

Any other business that may be brought forward.

MR. L. A. HALSALL, President of the Chamber, presided and was supported by Mr. A. L. Hutson (Vice-President), Messrs. R. W. Bullock, C. J. Damala, W. Kerr, Maneklal Premchand, W. L. A. Radcliffe, G. H. J. Richmond and W. G. J. Shaw, Members of the Committee.

Among those present were :—

His Excellency The Right Honourable Sir John Colville, G.C.I.E., T.D., Governor of Bombay ; Mr. S. Garvin, I.C.S., Assistant Secretary to H. E. The Governor ; Mr. H. F. Knight, C.S.I., C.I.E., I.C.S. ; Mr. C. H. Bristow, C.I.E., I.C.S. ; Mr. G. F. S. Collins, C.S.I., C.I.E., O.B.E., I.C.S., and Mr. I. H. Taunton, C.I.E., I.C.S., Advisers to H. E. the Governor ; Major-General C. E. R. G. Alban, D.S.O., C.B.E., Commanding Bombay Sub-Area ; Mr. G. D. Daftary, B.E., I.S.E., Secretary to the Government of Bombay, Public Works Department ; Mr. J. B. Shearer, I.C.S., Income-tax Commissioner ; Mr. W. D. M. Clarke, H.M. Trade Commissioner at Bombay ; Mr. I. Grant Smith, the South African Government Trade Commissioner for the East ; Mr. Paul Sykes, the Canadian Government Trade Commissioner for India, Burma and Ceylon ; the General Secretary, Netherlands Indies Trade Commission for India and Ceylon ; the Consuls for Turkey, Denmark, the Netherlands and Norway ; Col. A. J. Ransford, C.I.E., Mint Master ; Sir B. Rama Rau, C.I.E., I.C.S., Chairman, Bombay Port Trust ; Mr. B. S. H. B. Tyebji, I.C.S., Controller of Supplies ; Mr. C. W. Clarke, Deputy Controller of Supplies ; Mr. P. C. Chaudhuri, I.C.S., Deputy Chief

Controller of Imports; Mr. S. D. Vashist, M.SC., Director of Industries; Mr. M. L. Tannan, I.E.S., Special Officer, War Risks (Goods) Insurance; Mr. E. Radbone, Controller of Enemy Trading; Mr. C. E. Leman, Deputy Representative at Bombay, Ministry of War Transport; Mr. C. E. Vogel, Master, Bombay Presidency Trades Association, Ltd.; Mr. P. M. Kapadia, Vice-Chairman, Bombay Native Piecegoods Merchants' Association; Mr. W. Schlesinger, Secretary, Anglo-Dutch Frustrated Cargo Committee, British Section; Mr. C. B. Cockaine, Secretary, European Association; Mr. S. M. Jamil, Secretary, All-India Muslim Chamber of Commerce and Industry; the Editor, *Indian Textile Journal* and the Editor, *Commerce*.

The following members of the Chamber attended the meeting:—

Mr. G. A. H. Alexander	Alexander & Co.
„ M. Graham Brash	Allied Publishers and Stationery Manufacturers Ltd.
„ T. A. H. Harrison	Associated Cement Companies Ltd.
„ Framroze P. Eranee „ Fredoon B. Murzban „ K. P. Eranee	Bell Russ & Co., Ltd.
„ W. H. Jackson	Blackie & Sons (India), Ltd.
„ L. F. H. Goodwin	Bombay Company, Ltd.
„ W. T. Lane „ L. W. Boulter	Bombay Gas Company, Ltd.
„ S. F. Jarman	Boots Pure Drug Co., Ltd.
Sir Joseph Kay Mr. W. Jenkins	W. H. Brady & Co., Ltd.
„ O. K. Nicholson	Bruel & Co.
„ W. J. Burrows	W. J. Burrows.
„ J. Stobbart	Carr & Co., Ltd.
„ C. W. Fowler	Cement Marketing Co. of India, Ltd.
„ Himatlal T. Muni	Chaturbhuj Bhaichandbhai & Co.
„ B. K. Murjani	Chellsons Limited.
„ C. J. Schmuki	Ciba (India) Ltd.
„ C. W. Warrington	Cox & Kings (Agents) Ltd.
„ W. J. Wells	Cutler Palmer & Co.
„ C. P. Bramble	Drennan & Co.
„ E. Lewis	English Electric Co., Ltd.
„ F. J. Brine	Fleming Shaw & Co., Ltd.
„ B. O. Stevenson „ R. S. Milliken	Ford Motor Co. of India Ltd.
„ R. A. M. Henson	H. J. Foster & Co., Ltd.
„ C. E. Penn	The General Electric Co. (India) Ltd.
„ J. L. Dickie	Gillanders, Arbuthnot & Co.

Mr. R. A. F. Kidson	Grahams Trading Co. (India) Ltd.
„ A. McIntosh	Greaves Cotton & Co., Ltd.
„ A. Forrington	Greaves Cotton & Co., Ltd.
„ C. W. H. P. Waud	Hardcastle, Waud & Co., Ltd.
„ B. G. P. Spinks	Heatly & Gresham Ltd.
„ F. Moore	W. T. Henley's Telegraph Works Co., Ltd.
„ R. Preston	Herbertsons Ltd.
„ W. A. Bell	Imperial Chemical Industries (India) Ltd.
„ C. D. Priestley	Imperial Chemical Industries (India) Ltd.
„ E. Geoghegan	Imperial Tobacco Co. of India, Ltd.
„ F. N. Jackson	Imperial Tobacco Co. of India, Ltd.
„ S. T. Dockray	Indian Radio & Cable Communications Co., Ltd.
„ F. G. Allen	Johnson & Phillips, Ltd.
„ E. J. C. Herring	Jost's Engineering Co., Ltd.
„ E. W. Fairbrass	Kemp & Co., Ltd.
„ H. F. Milne	Killick Nixon & Co.
„ J. G. Milne	Killick Nixon & Co.
„ H. G. Nagrani	Kishinchand Chellaram
„ S. E. C. White	Lloyds Agency, Bombay.
„ A. W. Barker	Longmans Green & Co., Ltd.
„ L. P. S. Bourne	Mackinnon Mackenzie & Co.
„ W. S. Sheppard	Mackinnon Mackenzie & Co.
„ G. E. Bain	Mackinnon Mackenzie & Co.
„ W. E. Petrie	Mackinnon Mackenzie & Co.
„ A. D. Finney	Mackinnon Mackenzie & Co.
„ W. A. Huitt	Mackinnon Mackenzie & Co.
„ G. W. Gosling	Martin & Harris Ltd.
„ M. M. Jalaluddin	M. A. Mullick & Co.
„ E. J. Spuhler	Nestle and Anglo-Swiss Condensed Milk (Export) Co., Ltd.
„ D. Allebe	Netherlands Trading Society.
„ H. K. Tutton	Ormerods (India) Ltd.
„ H. W. Fieth	Parke, Davis & Co.
„ W. G. Lloyd	Parke, Davis & Co.
„ G. Wilkinson	Pilkington Brothers.
„ A. Trevor Robinson	Purdie & Co.
„ A. Sotiriadi	Ralli Brothers, Ltd.
„ E. W. A. Richardson	Richardson & Cruddas.
„ C. A. Cunliffe	Shaw Wallace & Co.
„ C. U. Magnusson	SKF Ball Bearing Co., Ltd.
„ R. G. S. Mohamed	Armstrong Smith Ltd.
„ D. L. Amore	Smith Stanistreet & Co., Ltd.
„ W. Hutchinson	Steel Brothers & Co., Ltd.
„ Rupert R. Bury	J. Stone & Co. (India) Ltd.
„ J. L. Duke	L. A. Stronach & Co. (India) Ltd.
„ L. A. Stronach	L. A. Stronach & Co. (India) Ltd.

Mr. C. J. Bollins ..	.. Turner Hoare & Co., Ltd.
,, A. W. C. Brown	.. Turner Morrison & Co., Ltd.
,, R. Scherer ..	.. }
,, J. L. Hurschler	.. } Volkart Brothers.
,, H. B. Reinhart ..	.. }
,, C. F. Buser ..	.. }
,, J. M. B. Gibbons	.. Wallace & Co.
,, S. O. Sundgren ..	.. Western India Match Co., Ltd.
,, W. M. Martin ..	.. Wolverhampton Works Co., Ltd.
,, D. Laidlaw ..	.. Chartered Bank of India, Australia and China.
,, N. de P. Fuzzey	.. Hongkong and Shanghai Banking Corporation.
,, A. R. Chisholm	.. }
,, N. G. Irvine ..	.. } Imperial Bank of India.
,, R. N. Drake ..	.. Mercantile Bank of India, Ltd.
,, L. Randall ..	.. Atlas Assurance Co., Ltd.
,, W. Roberts ..	.. Commercial Union Assurance Co., Ltd.
,, Hugh Pollett ..	.. London and Lancashire Insurance Co., Ltd.
,, C. R. C. Gardiner	.. New Zealand Insurance Co., Ltd
,, L. F. Mackey ..	.. Pearl Assurance Co., Ltd.
,, V. C. Wright ..	.. Royal Insurance Co., Ltd.
,, E. G. Wills ..	.. The South British Insurance Co., Ltd.
,, C. R. Agar ..	.. Yorkshire Insurance Co., Ltd.
Dr. H. J. Nichols ..	.. B. B. & C. I. Railway.
Mr. W. B. Burford ..	.. G. I. P. Railway.

Mr. C. H. C. Munroe, Secretary, and Mr. H. Royal, M.B.E., Assistant Secretary of the Chamber.

The notice convening the meeting having been read, MR. L. A. HALSALL, in opening the proceedings, said :—

Your Excellency and Gentlemen,—It was only some two weeks before our annual meeting last year that Your Excellency arrived in Bombay. Nonetheless you honoured us by attending that meeting and you do us a similar honour now. On behalf of all members of the Bombay Chamber of Commerce I extend to you, sir, a cordial welcome and assure you that we greatly appreciate your presence here to-day. I also welcome the other distinguished guests who have come in response to our invitation.

You will remember, gentlemen, that in his address last year His Excellency told us of conditions in Great Britain, with particular reference to commerce and industry under the stress of war conditions, and he said that business there had cheerfully accepted an unparalleled degree of control. Whether business in

India is now as closely controlled may be open to argument, but there is one thing certain and that is that conditions here to-day are very different from conditions a year ago. The fly of commerce is more enmeshed than ever before in the spider's web of red tape to which Mr. Gibbons then referred. Strange though it may seem, the fly is still putting up some feeble struggle for existence, but the sinister stare of the spider is fixed on it and its every move is more and more strictly confined.

The past year has seen a multiplication of controls affecting commerce, industry and the individual. Import and export controls already in existence have been further tightened up, others have been put into operation and it would not be too much to say that there is hardly any article or commodity of importance in commerce which is not now the subject of some form of control either in regard to price or distribution or both. That such an extensive network of controls is necessary, none I think will deny. Some of them have come too late but most have been accepted as necessary. The objectives have been understood and have been generally approved; it is with the mechanics of one or two that we have had occasions to quarrel. Some appear to have been drafted with little consideration for ordinary commercial practice and the complicated rules which various departments have made in pursuance of the powers given them are in many instances vexatious and in some are acting as a serious brake not only on the supply of goods for civil requirements but on supplies required by factories engaged on Government orders and by the railways. In present circumstances that may seem rather a serious statement to make, but as many of us here know it is a plain statement of fact.

Among certain classes of merchants profiteering in commodities and the hoarding of articles in short supply became a serious matter in 1941, and the Chamber then supported a proposal that the Government of India should take drastic steps to control the prices of all commodities which could be dealt with on an all-India basis. Such provincial controls as then existed were ineffective and despite all attempts to check the evil it grew steadily worse. The cost of living index number rose month by month and with it, in many cases, the compensatory allowances paid to staffs of offices and factories. These increased earnings and the rapidly increasing disbursements by Government on contracts for war requirements caused a steady and increasing inflationist pressure, which became the more serious as supplies of consumer goods fell. The position grew steadily worse throughout 1942 and until about September last, except in regard to a few staple foodstuffs over which, in Bombay at any rate, Government were able to exercise some control. In fact, it was not until three months ago that there was a check to the rise in the cost of living index number and the general level of prices.

The cause of all the increased living costs and the general economic disturbance is, of course, the present World War, and the large sums being paid out in India by Great Britain and the U.S.A. for goods supplied and services rendered towards the prosecution of it, resulting in expansion of the currency. The value of notes in circulation at the end of last month mounted to Rs. 867 crores compared with Rs. 172 crores at the outbreak of war—an increase of nearly Rs. 700 crores. Of this increase the proportion for the first eleven months of the current year is Rs. 216 crores compared with Rs. 226 crores in the same period of 1943. In such large sums the slowing down in the rate of expansion—Rs. 10 crores in eleven months—is relatively small and the fact that the budget estimates for defence expenditure in 1944-45 are slightly higher than for the year just closing seems to indicate that we have before us the danger of further expansion in the coming year at a rate at least equal to that of the past year.

Since we last met the victories of the Allied armies in North Africa have altered the general outlook very considerably. The enemy have been cleared out of that country, Sicily has been captured and Italy has capitulated. Ships of the United Nations are once again coming through the Mediterranean and the Suez Canal, and with the establishment of the Headquarters of the South-East Asia Command, and India as a most important base for the coming operations against Japan there has been an increasing flow into the country of men and materials. Such a turn of events must inevitably cause dislocation of the ordinary life of the people and a certain amount of hardship and suffering. No one can overlook the suffering there has been due to famine conditions in Bengal. Nor can anyone deny that shortages of supplies and increased living costs have brought hardships to the poorer sections of the population in the large cities. But we must never forget that India has been spared the horrors of enemy invasion and, by and large, she has benefited financially as a direct result of the war more than any other country, with the possible exception of Egypt. It is good to know that the agriculturist has had his share in this gain. Admittedly the prices of agricultural produce before the war did not give the ryot a fair return for his labours, but he is getting a much better return now and in many parts of the country has been able to rid himself of a lot of the incubus of debt under which he used continually to labour. Long may this spell of better returns continue even if food thereby does cost a little more, as India cannot prosper unless the ryot is prosperous.

Distribution and Rationing of Food.

You will have noticed in recent months a tendency on the part of some people to lay on the Central Government the whole

of the blame for the rising prices and maldistribution of food which we have witnessed. Possibly that Government will be the first to admit that they are not altogether free from blame, but I cannot think it fair to attempt to lay the whole blame on them when, in fact, after they had delegated to Provinces the control of foodstuff prices, some Provinces were unable or unwilling to take proper advantage of the powers given them. There have been several Food Conferences, the earlier ones being more or less barren of results owing to some Provinces being unprepared, others over-optimistic and others complacently sitting back in the knowledge that they were surplus areas. In the circumstances perhaps the charge that can be made against the Central Government is that they did not take steps earlier to resume to themselves some of the powers they had delegated.

Bombay fortunately was not one of the unready Provinces. In January last year Government began collecting the necessary information for a scheme of rationing of essential foodstuffs and early in May their scheme came into operation. There was inevitably a certain amount of inconvenience and difficulty in the early stages, but on the whole the machinery got working smoothly in a commendably short time. Last September the Committee had a meeting in this room with the Hon'ble Sir J. P. Srivastava, Food Member of the Governor General's Council, when the Hon'ble Member asked us various questions relative to the Bombay rationing scheme, and we expressed to him our satisfaction with the manner in which the Government of Bombay had tackled a far from simple problem. Your Excellency, I would like again to-day to express our appreciation of your Government's handling of this matter and, in particular, to pay tribute to the admirable work done by Mr. Knight and Mr. Gorwala, not only in connection with the rationing scheme itself but with the very difficult question of procurement of supplies for a deficit Province. They may reflect with some justifiable pride that when an instructional course in the control and rationing of foodstuffs was held last August Bombay was selected as the venue of it and officials from different parts of India came here and saw how things should be done.

Control of Prices.

Steps to control the prices of cloth and yarn were taken in June last year, and we have also the Drugs Control Order, but it was under Ordinance XXXV which was promulgated on the 16th October that attempts were made to call a halt to the general increase in prices of articles not already controlled. I have heard it suggested that we have been over-critical of this Hoarding and Profiteering Prevention Ordinance after having in 1941 asked Government to take drastic steps to control prices. We certainly stated that the Ordinance was three years too late and we were

very critical of some of the provisions of it, but the first words in our first comment on it were that the Bombay Chamber fully appreciates the desirability of measures to prevent hoarding and profiteering. The objective in view, namely, to check the alarming increase in prices, was not only desirable but was necessary and, as I have just mentioned, we think it should have come very much sooner than it did. We do, however, regard the Ordinance in its details as a most ill-considered piece of legislation. What it really amounts to is this. The Government of India said : " We in Delhi regard any increase of more than 20 per cent. over the landed cost of an imported article or the cost of production of an article manufactured in this country as unreasonable, whether that addition is made by one trader or more. We therefore promulgate this Ordinance and from to-day any of you traders or series of traders who, between you, are responsible for a greater increase than 20 per cent. are infringing the law of the land, and are liable to prosecution which may result in your being imprisoned for a term up to five years. Moreover, any one of you who may have in his possession a quantity of an article in excess of what we hereby declare that we consider reasonable is similarly liable to prosecution." That illustrates our main objection to this piece of legislation, in that from the day it was promulgated every merchant and manufacturer who was unable to comply with the provisions of it, particularly clauses 5 and 6, was guilty, in the ordinary course of his business, of breaking the law of the land, until such time as he could obtain special exemption. In other words, contrary to one of the fundamental principles of justice, the accused were held guilty until they could prove their innocence or secure special exemption. We admitted that the Ordinance would have a psychological effect on the trader with a guilty conscience, but plainly told Government our view that a blanket Ordinance of this type was wrong and that the Ordinance should have followed the lines of the British Prices of Goods Act, 1939, by which it is unlawful for anyone to sell any price-regulated goods—and price-regulated goods under that Act are such goods as are specified by the Board of Trade—at a price which exceeds the basic price plus the amount of any permitted increase. There is no reason to revise that opinion to-day, because in practice that is what appears to be happening in India. Various articles are being scheduled from time to time and maximum selling prices notified. As regards the mass of other goods not so far specifically notified, such enquiries as I have been able to make indicate that there has been the expected psychological effect, and prices are at last beginning to come down. At the same time it has unfortunately to be noted that there has been a greater rush underground of goods which are of relatively high value compared with their bulk and which at the same time are in short supply.

Inflation.

Control of prices and purchasing power must be complementary : one cannot be achieved without the other. The Central Government are now trying energetically to deal with both aspects of the problem, but there seems to be some risk of their schemes for dealing with surplus money and purchasing power getting ahead of their control of prices. You will remember that one of our criticisms of the draft E.P.T. rules in relation to commissions and bonuses was that they sought arbitrarily to restrict individual earnings before any adequate control had been exercised over the prices of the necessities of life.

Among Government's anti-inflationary measures on the financial side there have been, in the last year, increased taxation, summary provisional assessments to E.P.T. coupled with compulsory as opposed to voluntary deposits, sales of gold by the Reserve Bank and an intensified savings drive. I personally would include also under this heading the effect of the increase of 25 per cent. in railway fares, though in doing so I know that I join with an unpopular minority. Had railway rates on goods been increased that would have been definitely inflationary, but I cannot see that the increase in passenger fares is other than anti-inflationary in so far as it draws money from the public into the pockets of Government. That, I must make clear, is only my personal view.

Railway Fares.

Your Committee, again it appears in a minority, supported the increase in fares not because the increase is likely to have much effect on the numbers of people travelling (we do not think it will) but because we accepted the desirability of further strengthening the financial position of the railways in readiness for the post-war period when very large sums will have to be spent in rehabilitation and when it is more than probable that the earnings will decline much more rapidly than the operating costs. There have been many sarcastic remarks made about Government's expressed intention to use some of the funds the railways are now accumulating for the purpose of improving the lot of the third class traveller after the war. I can understand those remarks being used as ammunition in a debate on an unpopular measure, but our representatives in the Assembly, whoever they may be when the time comes, will have to remember that the third class traveller is not the only person who may need protection. There will be much larger funds than the railway surplus held by Government in safe custody on behalf of the public—the funding deposits under the E.P.T. Act, for example —and they will all have to be watched. Road funds have been raided in the past, but that is no reason why other funds should be raided in the future.

E.P.T. Rules—Commissions and Bonuses.

The draft E.P.T. Rules to which I have just referred are another piece of legislation—fortunately still only proposed legislation—which we consider in many respects highly objectionable. Government had announced their intention to deal with artificial and fictitious transactions on the part of some assessees which had the object of evading liability to tax. They then proceeded to draft rules which, in order to catch the dishonest man, would impose quite unjustifiable restrictions on the earnings of the honest one. Another objectionable feature was that the rules entirely ignored the existence of pre-war contracts or *bona fide* pre-war practice by which companies remunerated their employees. Further, they introduced what we consider quite unwarranted discrimination against the clerical *vis-a-vis* the manual worker in regard to bonus and cost of living allowances. The rules were fully considered at a general meeting of members of the Chamber on the 17th December and I need say no more about them now, beyond mentioning that it would appear from the report in yesterday's Press that there is some hope of this scheme being kept in abeyance for the present. Should it make any reappearance we may express the hope that it will be in a less objectionable form.

Budget—1944-45.

The budget proposals which the Finance Member presented to the Assembly at the end of last month mark yet another step in Government's anti-inflationary drive by increased taxation and by the immobilisation of all excess profits by taxation combined with compulsory deposits. The proposals were on the whole well received at first, but when people had the opportunity to study the Bills clause by clause it was realised that the combination of taxation, increased compulsory deposits and the "pay-as-you-go" scheme is a serious matter for many companies and, in particular, firms. The Finance Member stated plainly in his budget speech that the effect of his proposals would be to immobilise the whole of the excess profits after tax had been paid on those profits and income and super-tax on the balance. We pointed out to Government that in the case of partnerships they would do much more than that as not only would all excess profits be absorbed but, in many cases, a large proportion of the standard profits as well. On the higher incomes the effect would have been still more serious and partnerships with a low standard would be left with a minus amount. We pressed on Government our contention that the amount of the excess profits immobilised should in no case exceed 100 per cent., and it is satisfactory to note from the report in the Press this morning that this point has been conceded in the recommended Finance Bill returned to the Assembly yesterday by the Governor General.

There is nothing objectionable as a war measure to advance payment of tax by quarterly instalments provided adequate time is given to collect the income which is being taxed ; in fact, so far as individuals are concerned such a method of payment may not be unwelcome once the initial period of adjustment has been got over. In the case of companies and partnerships liable to E.P.T., the initial period is likely to be one of great difficulty and there seems no doubt at all that many companies, which to-day appear to have adequate cash resources at their disposal, will be forced to borrow to finance their business as soon as they are called upon to pay their E.P.T., the compulsory deposit, income and super taxes for the past year and advance payments for 1944-45. With a view to easing the difficulties of this period of adjustment we made what we consider a perfectly reasonable counter-proposal that the first advance instalment of tax shall not be payable until six months after the close of the assessee's last financial year. We have yet to learn of Government's reaction to that proposal.

I want here to lodge a protest, and this is against the almost indecent haste with which Government send important Bills such as the Income-tax Amendment Bill to Select Committee so soon after their introduction in the House. We telegraphed to our representatives in Delhi some tentative opinions based on the report in the papers on 1st March but in matters of this sort it is not practicable to express final opinions until one has had an opportunity to study the actual Bills. The general budget discussion this year began on 6th March, and it was not until the afternoon of the 3rd that the Chamber received copies of the Finance Bill and the Income Tax Amendment Bill, and a Sub-Committee at once got to work on them. The first opportunity which others in Bombay had to study them was when the issue of the *Gazette* for 4th March arrived on the 7th. The Income Tax Amendment Bill went to Select Committee on the 11th March and I understand they sat late so as to dispose of it in the one day. I really cannot see the need for quite so much hurry and it seems to me only fair that Chambers of Commerce and similar Associations should be given a little more time in which to express their views on such important measures to their representatives in the Assembly. There is not the same haste, it has to be noted, in putting through legislation which the public ask for. For example, in 1936 the Associated Chambers of Commerce passed a resolution asking Government to make what was generally agreed to be a very desirable amendment in the law relating to marine insurance. Government have taken seven years to do this. The Bill was passed only four weeks ago.

Post-war International Exchange Plans.

Last year the Committee were asked for their comments on the tentative proposals outlined in pamphlets issued by the Governments of Britain and the U.S.A. and by certain Canadian experts in regard to post-war international exchange plans. The principal objects of these schemes, whatever may be the differences in point of detail, are to provide a means for the orderly adjustment of international debts, to provide an instrument of international currency to avoid the necessity of blocked balances and bilateral clearings and generally to act as a stabilising factor in international trade. We did not attempt to comment on the operative details of the schemes. For one thing we are not in possession of the necessary data, and in any event a study of the details is one which only experts can properly undertake. We accordingly confined our comments to the broad issue of the need for such a scheme and the advantages or disadvantages of it as a whole. The economic upheaval caused by the present war is vastly greater than was the case in the last war, and the problems to be faced in the reorganisation of international trade will be proportionately more difficult. I imagine, therefore, that there can be no two opinions as to the necessity of international collaboration in some form or another to check what will otherwise be a mad race for that rather illusory prize—a favourable balance of trade. If there is not such collaboration and the race begins, the winners, it seems to me, may find themselves so exhausted at the end of it—and by that I mean their internal economy and standard of living will be so lowered by the struggle to produce exportable surpluses at cheap prices—that they will not be able to make much use of the prize when they have won it. Certain countries, notably the devastated countries of Europe, may be unable even to start in the race. Where then will be the markets in which those more favourably situated will sell their surplus production? A favourable balance of trade leads to a nation becoming a creditor and, if international trade after the war is to be rehabilitated and conducted on sounder methods than the old ones, creditors must also be ready to be importers. We have to face the fact that after this war there will be many countries quite unable to pay their debts by other means than the supply of goods or services or both. If the creditors decline to receive those goods or services, the debts might just as well be written off as bad. But surely there is the hope that such chaotic conditions could at least be mitigated by the setting up of some international union, by whatever name it may be called, which will act as a shock-absorber and give all member countries an opportunity to trim their sails to the wind and so arrange their internal economy as to enable them to increase or reduce their exports or imports as may be necessary. We expressed the view that there is no other practicable solution than some form of international clearing

union and that on the whole we preferred the proposals in the British Government's pamphlet, as they were less rigid than the American proposals and did not place undue reliance on gold as a factor in the settlement of international debts.

Post-war Reconstruction.

All countries are now busy considering the problems of post-war reconstruction—perhaps in regard to India the better phrase would be "post-war development"—and I cannot help feeling that in this country there is a danger of too much importance being attached to industry and not enough to agriculture and the production of raw materials. Industrialisation is all to the good, provided there is a proper balance between industry and agriculture, and in this country it seems to me, perhaps more than in any other, the lot of the agriculturist must be improved if a large enough market for the products of industry is to be secured. The Hon'ble Sir Phiroz Khan Noon at the end of last month addressed the Post-war Reconstruction Committee which is dealing with problems of re-settlement and re-employment, and I would like to quote two brief extracts from his remarks, as I think they are much to the point and should be kept well in mind.

"There is a great danger of this country sinking into an agricultural slump which will be disastrous for the economy of our people as a whole."

"The interests of the vast majority of the people of this country demand that the prices of agricultural products should not be allowed to fall below a certain level and it is one of the primary duties of all to see that economic standards in this country do not fall because of a slump in agricultural prices."

Ordinarily, sir, at a meeting of this nature the President would probably try to express some opinion on the general prospects of business in the not too distant future, but in the middle of a war such as is now being fought, with the resultant dislocation and, in some directions, complete cessation of ordinary business any attempt at soothsaying would be difficult and perhaps of little use. One thing at least seems certain and that is when hostilities end and there will be a keen demand from all countries both for capital and consumer goods and that a continuance for a period of some of the present controls over commerce and industry will be necessary to ensure an ordered distribution of available supplies, and to prevent a recurrence of an unhealthy boom followed by a calamitous slump such as we had after the last war. It is obviously desirable that the period of such bureaucratic control shall be as short as possible, and we shall all have to be watchful to ensure that some of the present temporary shackles are not left on too long.

Requisitioning of Business Premises.

We have had occasion in recent months to deal with the difficult question of the requisitioning of business premises. In the past year or two many of our members have had their premises requisitioned and they have complied with the orders, at much inconvenience to themselves, because they were able to find other accommodation. In the circumstances the very least the authorities concerned should do is to ensure prompt payment of compensation due to the evicted tenants, whether in respect of costs of moving or of office fittings taken over by Government. That, I regret to have to say, has not been done, and we know of claims still unsettled which are over twelve months old.

The scarcity of office accommodation is now acute and some of our members who were recently threatened with the requisitioning of their offices have been quite unable to find others. With the help of the Government of Bombay, to whom we appealed, and to whom I now express the thanks of the Chamber for timely help in a critical situation, we have been able to have the requisitioning held up. The general problem remains, however, and it is high time the Government of India adopted some settled policy instead of trusting to the indiscriminate requisitioning of buildings which happen to appear attractive to the departments concerned. In a telegram of protest which the Committee addressed to the Government of India last month we pointed out that compliance with such orders is impossible in Bombay at present, and we considered that any further office accommodation the Government of India might need here must be found in existing Government buildings, so far as that is possible, or alternatively in buildings outside the business area of the city or by Government themselves undertaking fresh construction. There is a limit to what can be done when Government control of materials prevents the erection of new buildings at a time when the resident population, including numbers of refugees from other countries, is larger than it has ever been. In this matter destructive criticism and non-co-operation are easy, but I am sure you will agree that is not at all the right line to take. We must do what we can to help. A Government of India official with whom I discussed a recent requisitioning order said some commercial offices he had seen appeared to him to be rather lavishly laid out in regard to floor area per man, and he thought it was up to all of us, as well as Government, to be sure we were not spreading ourselves unnecessarily. Whether accommodation is being used as economically as possible is a question of fact; in some cases perhaps a matter of opinion; but his remark about the economical use of all available space is a perfectly reasonable one. I mention the matter now because I think one way in which we can do something

to help in the solution of a difficult problem is by carefully reviewing the arrangements in our own offices, with a view to seeing that we are not occupying space unnecessarily.

Gentlemen, before I conclude I have to make a brief reference to the accounts for the year 1943, copies of which are embodied in the Report you will be asked to adopt. You will no doubt have noticed that the income from measurement and weighment fees is some Rs. 68,000 less than the previous year. This is due to the further restrictions on commercial exports and to fewer shipping opportunities during the year. However, it is satisfactory that the year closed with a small excess of income over expenditure, and on behalf of all members of the Chamber I express our thanks to Mr. Munroe and Mr. Royal, our Secretary and Assistant Secretary, also to the other members of the staff for the good work they have done. On this occasion I think I should mention the Measurement Department staff. The reduction in fees which I have just pointed out does not mean that they have had an easy year. Owing to the irregularity in sailings they have certainly had some periods with very little to do, but these have alternated with other periods of intensive work and quite a lot of overtime. I also offer the thanks of the Committee to the various Sub-Committees who have helped us, and in particular the Labour Sub-Committee who in the past year have had to deal with many references such as war injuries compensation insurance, sickness insurance, amendments to the Trades Unions Act and similar matters concerning labour.

One other point and I have finished. Your Committee recently invited the British Trade Commissioner and the Trade Commissioners for Australia, Canada and South Africa to become Honorary Members of the Chamber, which invitations those gentlemen have accepted. I think you may be glad to know that, not counting them and other Honorary Members, and despite the withdrawal of 13 enemy firms since the beginning of the war, the number of Ordinary Members to-day—202—constitutes an all-time record, and is not far short of double the number at the time of the last war.

After this meeting I hand over charge to Mr. Hutson, whom fortunately we have secured as President for the coming year. I have had many jobs to do for the Chamber in conjunction with Mr. Hutson in the past twelve years and I can therefore say with some knowledge of his abilities that our affairs will be safe under his guidance. He will be ably supported by Mr. Radcliffe who has been elected Vice-President in his place.

Gentlemen, I now formally move—That the Report of the Committee of the Bombay Chamber of Commerce for the year 1943 be and is hereby adopted and confirmed.

Vice-President's Speech.

Your Excellency and Gentlemen,—Before seconding the resolution which the President has proposed, I should like to refer to a few items arising from the transactions of the Chamber during the past year.

One is the question of country craft traffic, particularly on the West Coast. Government have done their best to encourage the use of this important transport auxiliary, and in recent months, by refusal of alternative methods of transport, have compelled its use for certain articles between certain points. Unfortunately the experience of the mercantile community during the past season has been far from satisfactory.

A regrettable number of country craft have been lost at sea, and still more have arrived at the port of destination without their cargoes or part of them. There is evidence to show that the remunerative rates of freight have not only attracted all craft seaworthy or otherwise, which are capable of floating, but have also induced serious overloading. Jettison has, moreover, proved infectious and there is more than a suspicion of malpractice, so that the position is one which shippers and insurers view with a somewhat jaundiced eye.

Your Committee have taken up the matter with the Principal Officer, Mercantile Marine, the Controller of Shipping and the Country Craft Organisation Officer. We have been told that every effort is being made to minimise the evils described, but what form these efforts are taking remains obscure.

The country craft season comes to an end next month and it is in our opinion imperative that before it reopens after the monsoon measures should be taken, firstly, to see that only those craft are licensed which are in a seaworthy condition, and secondly that a system of control of loading, at least at major ports, be instituted and that no craft be permitted to sail unless it has a reasonable prospect of carrying both its crew and cargo to its destination.

On 4th October 1943 the Central Board of Revenue issued a *communique* announcing that interest-bearing deposits would be acceptable towards payment of income-tax and E.P.T. While your Committee were in favour of any measure designed to speed up tax collection and to withdraw surplus funds from the market, they felt it was essential to clarify the effect that such payments would have on the important question of the amount of capital employed in the business. They asked, therefore, for an assurance that any provisional payment of tax would be treated as cash in capital computations. This assurance was given and was duly passed on to members, many of whom have subsequently made

deposits accordingly. Since then, however, our attention has been drawn to a letter addressed to a member of the Chamber by the Commissioner of Income-tax to the effect

"that such deposits will only be treated as cash up to the date in the case of income-tax on which it becomes due for payment and in the case of E.P.T. up to the last day of the C.A.P. to which the tax relates."

This, as regards E.P.T., appears to be an important limitation of the assurance previously given by Government, and its effect, according to our tax experts, is as follows :

"If the deposit which has been made against the 1943 E.P.T. ceases to be treated as cash on 1st January 1944, it becomes an excluded investment on that date, and the result will be that if the deposit is equal to the tax, the capital is reduced on 1st January 1944 by double the amount of the E.P.T. which we feel is so inequitable that this result cannot have been appreciated. No assessee who realises this result will make a deposit against the current year's tax."

It seems obvious that either the deposit should be considered as cash up to the date it is appropriated against the E.P.T. or the E.P.T. should be set-off against the deposit on the first day of the following C.A.P. and only the balance of E.P.T. deducted from the assets in the computation of the opening capital of that C.A.P.

The importance of voluntary deposits against taxes has been diminished by the increase in compulsory deposits and the acceleration of tax collection proposed by the Finance Member. Presumably members will in future find their funds disappearing quite rapidly enough.

Nevertheless, it is highly undesirable that those who have volunteered to pay before they need should be penalised for doing so, and the matter is one which requires immediate correction.

The third and the most important matter I have to bring to your consideration is the general question of rule by ordinance.

It is necessary in war-time that there should be some derogation from the peace-time standard of civil liberties, and the good citizen will submit to and even welcome restrictive measures, which though injurious to his private interest, may reasonably be considered beneficial to the conduct of the war. These measures take, in India, the form of ordinances under the Defence of India Act. Such ordinances should, it is submitted, conform at least to certain general principles. The promulgation of an ordinance should be immediately necessary to the conduct of the war, and should above all be in accordance with the broad principles of equity and justice. There are serious dangers inherent in this war-time procedure, which have been exercising the minds of many of us.

Legislation by ordinance may be resorted to, in cases which should be referred to the legislature either for reasons of mere convenience, or worse still, to evade the necessity of meeting opposition. Again, when an ordinance after promulgation is shown to be contrary to the elementary principles of justice, the power of summary legislation may go so much to the heads of those in authority, that they may refuse to withdraw or amend it.

Two notable examples have been before us during the last year. The first was the proposed draft rules for the limitation of bonuses and commissions allowable against E.P.T. In this case power was originally taken under the Bill placed before the Assembly to restrict unreasonable payments; and the Finance Member stated categorically in the Assembly that the intention was to disallow only payments made *mala fide* and for the purpose of evading taxation. Later an ordinance came out empowering Government to make rules to this effect, which was again unobjectionable. When, however, the draft rules were circulated, they were found to contain proposals which went far beyond the intention of the original Bill and introduced questions of principle unsuitable for disposal by ordinance. In particular as the President has said they disallowed payments made under pre-war contracts, which could not by any stretch of the imagination have been entered into for the purpose of tax evasion.

These draft rules were the subject of strenuous objections both by this Chamber and all other commercial bodies. No action has been taken on them and it is to be hoped that the objections raised have had their effect.

The second instance is the Anti-Hoarding and Profiteering Ordinance. This has received much publicity, particularly as regards the 20 per cent. margin of profit allowed. I am not concerned here with margins of profit nor with the effect of the administration of the Ordinance, but with the fact that it contained important provisions which were contrary to the most elementary principles of justice and equity.

Your Committee took the unusual step, for them, of requesting Government to withdraw the whole ordinance. It has not been withdrawn, though Government spokesmen could find no defence for the provisions objected to and fell back on an assurance that no one would be prosecuted unless the Provincial Governments were satisfied that he deserved prosecution.

This again was little satisfaction to us in Bombay who have found that prosecutions under the rationing regulations have resulted in heavy penalties being levied on firms and factories who have offered their co-operation and assistance in food distribution and have been convicted of purely technical offences committed in the course of such distribution.

It is in fact undesirable to delegate to the executive, the task of deciding whether a breach of the law is to be condoned or not, particularly as the investigations on which such a decision is based must in turn be delegated to subordinates whose character and abilities are often unsuited to the task.

In the meantime Ordinance No. 35 of 1943 remains a blot on the war-time administration of India. It may be contended by some that considerations of policy are enough to justify any administrative measure, but I do not think this can be accepted. In the words of Bacon: "Let no man weakly conceive, that Just Laws and True Policy have any antipathy; For they are like the Spirits and Sinews, that one moves with the other."

I thank you for having done me the honour of electing me as your President for the coming year. I will do all that I can to safeguard your interests.

I have much pleasure in seconding the proposal that the Report of the Committee of the Bombay Chamber of Commerce for the year 1943 be and is hereby adopted.

The Report was adopted unanimously.

HIS EXCELLENCY THE GOVERNOR said:—

Mr. President and Gentlemen,—I thank you for the warm welcome which you have given me to your meeting. I have looked forward to this occasion, and to the opportunity which it gives me of speaking to you again, and renewing a contact which, when I had been only a very few days in Bombay, was a source of particular pleasure to me. From my point of view, too, this annual general meeting of the Chamber is a profitable occasion, for, when Government and Commerce are so involved with one another as they are now, it is of value that, over and above the normal methods which we use to keep in touch with one another, there should periodically be a point of contact such as this, at which a comprehensive and authoritative review can be made of matters of mutual concern. We are all indebted to you, Mr. President, for such a review this morning—an able and forceful account of affairs, to which I have listened with great interest.

The year which has passed since your last meeting has been one in which we and our Allies have moved with giant strides towards victory. You will all have listened to, or read, the account, which the Prime Minister gave on Sunday night, of the progress we have made in these 12 months. There is little that can be added to that. We shall do right, as he enjoins us, to be thankful for the great deliverances of which he has reminded us, and patient in awaiting the day of our supreme effort, when the full

weight of the storm, which has been gathering these many months past, will burst upon Hitler's European fortress. When that storm has swept Europe clean of the pestilence which afflicts its peoples, it will be short shrift for the Japanese, who, already weakened, will then face the full force of Allied arms. Meanwhile, our efforts will not be the less if we reflect on the Prime Minister's statement that a powerful battle-fleet is operating under Admiral Somerville in Indian waters. It does no harm from time to time to have a reminder such as this of what might happen to this rich coast if it were not for the might of the Royal Navy.

If we turn to the home front, we shall find much to be thankful for here in Bombay. We are, as you know, a deficit Province in the matter of food supply, and ever since the loss of Burma, the provisioning of this great city and the deficit areas of the Province has been a source of continual and, at times, acute anxiety to Government. By prudence, foresight and determination, the very great difficulties with which we were faced early last year have been countered. Rationing was introduced in Bombay in May—a system which was the product of infinite labour and skill on the part of the Adviser in charge, the Supply Commissioner, and the Supply Department which they had built up. Bombay saved itself by its own exertions, and by its example has pointed the way to the rest of India in food policy. But no Government can pursue a successful food policy without the co-operation and support of the people, and I think that, if you were to ask Mr. Knight or Mr. Gorwala to what single factor more than any other they attributed the success of rationing in Bombay, their answer would be, to the good sense and support of the ordinary man and woman, who mastered the apparent intricacies of the scheme almost overnight, and settled down to work it. We have had our difficulties, of course, in our food administration, eminently successful though it has been, and it was with some interest that I listened to your Vice-President impale himself unconsciously on the horns of a dilemma which it has been causing Government much worry to avoid.

You spoke, Mr. Vice-President, of convictions for purely technical offences against the Food Control Orders, and went on to condemn any system whereby the task of deciding whether a breach of the law is to be condoned or not rests with the executive. It is precisely because Government have been unwilling to leave it to officers of the Supply Department to decide when and when not to prosecute, and have preferred to put all offences into court and leave it to a magistrate to decide whether an offence has been committed and how it should be punished, that complaints of prosecutions for trivial offences have arisen. The dilemma is this. Either you prosecute in the case of all breaches of the Control Orders without discrimination and leave the matter

to the courts, or you prosecute in some cases only, with a view to avoiding prosecution for technical breaches. But the latter course would involve investing an executive officer with the discretionary power which you condemn, and it would also lead to the criticism that the rich and socially prominent were being dealt with on a different footing from poorer people. The way out of the dilemma is to reduce the waste of time and inconvenience involved in a prosecution to the minimum, and it is along this line that we are working. An additional Presidency Magistrate has been appointed. Instructions have been issued to the prosecuting staff of the Supply Department to bring to the magistrate's notice all cases in which Government is of opinion that the offence is technical. It is also intended to apply to magistrates for the adoption of a summary procedure in the disposal of these cases.

Another feature of the past year has been the increasing pressure on Bombay's housing and office accommodation resources. I have paid particular attention to what you have said about this problem, Mr. President, as it is one which has caused us a good deal of concern. Our policy has, of course, always been to resort to requisitioning only in the most overriding cases, where the efficiency of the war effort is obviously at stake, and about this there is no disagreement, as war needs must come first. The difficulties which have been felt are mainly delays in the payment of compensation and the short notice at which it has sometimes been necessary for Government to act. Government are very fully aware of the inconveniences which have consequently at times arisen, and we have done everything possible to minimise them. For example, when it is obvious that there will be some delay in assessing the compensation, the requisitioning authority has been empowered to make an advance payment pending the final assessment in cases where undue delay would cause hardship. In practice we find that, when delay occurs in the settlement of a claim, it is due almost invariably to some technicality in the valuation, to overcome which expert advice and assistance has to be sought. We are very much alive, again, to the necessity of proceeding in these matters according to some well defined plan, and to the undesirability, from the point of view of the war effort, of evicting important and long established firms. Indeed, our views are very much those which you have expressed, Mr. President.

You will, I know, absolve me from the responsibility of answering for the Government of India on those matters which are primarily Central concerns. But as I have a very close interest in, and responsibility for, the welfare of this Province, I need hardly assure you that, where Bombay's interests are at stake, you can count on my close interest and support in any matter, and where the question is one for the Central authorities, I will

consider it a duty to help the Chamber, should my intervention be needed and be sought. I shall certainly, for instance, look into the matter of country craft traffic, which your Vice-President has raised, and satisfy myself before the next fair season on those points to which he has specially drawn my attention. I have been much interested, too, in what has been said this morning about the Draft Excess Profit Tax Rules regarding commission and bonuses, and on the point raised that, in certain cases, the proposed Excess Profits Tax with Income-tax and Super-tax would amount to more than the whole of the profits of a concern. I looked into these matters with this morning's meeting in view, but you will all doubtless by now have seen the Finance Member's statement on these points reported in yesterday's papers, and I do not think I can embellish to any advantage the assurances which he has given. Before I leave these matters I may add that the question of interest-bearing deposits towards payment of Income-tax and Excess Profits Tax is also under consideration by the appropriate authorities.

As the day of victory and peace draws nearer, the duty which lies upon Government of having ready plans for post-war reconstruction, or, as you have put it, Mr. President, development —and I agree that that is a more apt term—becomes more urgent, and more and more of Government's time and attention is accordingly being devoted to the preparation of such plans. This is a large subject, and it would be premature yet for me to handle it at any length. I mention it in order to endorse what you have said, Mr. President, about the tendency one sometimes notices to assume that India's future prosperity can be secured merely by industrialisation. India is destined to become one of the great industrial countries of the world, but she can only achieve such a position if she has markets to supply, and her greatest market is her own population of 400 million, the vast majority of which is agricultural. The prospects of this home market are illimitable, provided that the income and prosperity of the agriculturist can be raised, and it is along this essential line which I think we must work. The scope for development in Indian agriculture is enormous and our plans must, therefore, be designed primarily to increase the efficiency of agriculture, and raise the standard of living of the agriculturist. Once this indispensable condition of a prosperous and well educated agricultural population has been secured, the foundations of Indian industry will be unshakable. Thus, while we welcome and support plans for industrial development, let us not forget the only sure foundation on which real industrial prosperity can be built. That is the ideal to which I look forward, and towards which we must all strive—India at peace within herself, her countryside cured of the poverty which has so long afflicted it, a nation of balanced

economy, with limitless resources, taking her place among the great countries of the world.

MR. A. MCINTOSH proposed that the thanks of the Chamber be tendered to the President, the Vice-President and the outgoing Committee for their able conduct of the affairs of the Chamber during the past year. The proposition was seconded by MR. W. M. MARTIN and carried with acclamation.

Under the provisions of Article 41 of the Chamber's Articles of Association, the following eight gentlemen were nominated by the retiring Committee in conjunction with the incoming President and Vice-President, for election as ordinary members of the Committee for 1944-45.

MR. A. H. BAKER.
MR. L. P. S. BOURNE.
MR. R. W. BULLOCK.
MR. C. J. DAMALA.
MR. MANEKLAL PREMCHAND.
MR. G. H. J. RICHMOND.
MR. W. G. J. SHAW.
MR. B. J. WHITBY.

The names having been circulated to members with the notice convening the meeting they are deemed to have been duly proposed for election in accordance with Article 41. The President therefore submitted each name to the vote of the meeting and each was duly elected a member of the Committee of the Chamber for 1944-45.

MR. W. A. BELL proposed, MR. C. W. WARRINGTON seconded and it was agreed—

"That MESSRS. SHARP AND TANNAN be and are hereby elected Auditors of the Chamber's accounts for the year 1944 at a remuneration of Rupees two hundred and fifty."

On the motion of SIR JOSEPH KAY a vote of thanks was accorded with acclamation to His Excellency the Governor, which terminated the proceedings.

Bombay Chamber of Commerce

ANNUAL REPORT FOR 1943

ELECTION OF PRESIDENT AND VICE-PRESIDENT OF THE CHAMBER FOR THE YEAR 1944-45.

In accordance with the prescribed regulations, MR. A. L. HUTSON and MR. W. L. A. RADCLIFFE were elected President and Vice-President, respectively, of the Chamber for the year 1944-45.

COMMITTEE OF THE CHAMBER.

INCREASE IN STATUTORY NUMBER OF MEMBERS.

As it was generally felt that the time had arrived for the expansion of the Committee so as to give a larger number of members a more direct interest in the work of the Chamber, a Special General Meeting was called for Wednesday, 23rd June 1943, at 3 p.m., to make the necessary amendments in the Articles of Association to increase the number of elected members of the Committee excluding the President and Vice-President from six to nine. (*See Appendix.*)

The Committee subsequently nominated MESSRS. A. H. BAKER and G. S. TAUNTON to two of the new seats on the Committee. No member was nominated to the third seat.

BOMBAY PORT TRUST.

CHAMBER'S REPRESENTATIVES.

The terms of office of MESSRS. W. A. BELL, R. W. BULLOCK, R. C. LOWNDES, A. MCINTOSH and G. S. TAUNTON as representatives of the Chamber on the Board of Trustees of the Port of Bombay expired on the 31st March 1943. A ballot was held on the 3rd March 1943 and resulted in the re-election of the above named gentlemen to serve for a further period of two years from the 1st April 1943.

BOMBAY SMOKE NUISANCES COMMISSION.

CHAMBER'S REPRESENTATIVE.

In August 1943, the Government of Bombay notified the Chamber that the period of constitution of the Bombay Smoke Nuisances Commission constituted under Government Notification, Political and Services Department No. S. 20/9, dated 26th November 1941, would expire on the 31st December 1943, after which date a new Commission would have to be constituted under the Bombay Smoke Nuisances Act for a period of two years. The Chamber was requested to communicate to Government the name of the member who might be nominated as its representative on the Commission. The Committee re-nominated MR. H. F. MILNE.

UNIVERSITY OF BOMBAY.

ELECTION OF A FELLOW BY THE CHAMBER.

(*See Reports*, 1929, *page* 4 ; 1938, *page* 2.)

In November 1943 the Registrar of the University of Bombay informed the Chamber that the term of office of its representative on the Senate would expire on the 16th January 1944 and requested that a representative be elected to serve in his stead.

The Committee re-nominated Mr. J. M. B. GIBBONS.

AUXILIARY FORCE ADVISORY COMMITTEE.

CHAMBER'S REPRESENTATIVE.

In March 1943, the Government of Bombay informed the Chamber that the term of office of the existing Advisory Committee for the Bombay District under the Auxiliary Force Act, 1920, would expire on the 31st March 1943, and requested the Chamber to nominate its representative on the Committee for the year 1943-44.

The Committee re-nominated MR. L. A. HALSALL.

HOSPITAL TRUST.

CHAMBER'S NOMINEE.

At a meeting of European residents of Bombay held on the 24th June 1943, the following resolution was passed unanimously :—

" This meeting of the European residents of Bombay resolves that the Managing Committee to control the Hospital Trust shall consist of a nominee of each of the following 8 Bodies : Bombay Chamber of Commerce, European

Association (Bombay Branch), Bombay Presidency Trades Association, Bombay European Textile Association, American Association, Hospital and Nursing Home Benefits Association, St. George's Hospital Nursing Association, and the European General (St. George's) Hospital Endowment Fund; together with a European nominee of each donor of Rs. 50,000 or more to the Hospital Trust. This meeting further resolves that the aforesaid Managing Committee shall be empowered to co-opt an additional two members; and to appoint a Trustee or Trustees at their discretion to hold immovable and/or movable properties of the Trust."

The Chamber was requested by the European Association to nominate a representative to serve on the new Managing Committee, and the Committee nominated MR. J. M. B. GIBBONS.

ROYAL BOMBAY SEAMEN'S SOCIETY.

CHAMBER'S REPRESENTATIVE.

In April 1943 the Chamber was asked to nominate a representative to serve as a member of the Royal Bombay Seamen's Society under the provisions of Rule 1(*e*) of the Rules and Regulations of the Society. The Committee re-nominated MR. C. H. COURTHOPE-MUNROE.

EMPIRE COTTON GROWING CORPORATION.

CHAMBER'S REPRESENTATIVE.

(*See Report* 1940, *page* 1.)

The term of office of MR. S. B. SAMOILYS as the Chamber's representative on the Administrative Council of the Empire Cotton Growing Corporation expired in May 1943 and the Chamber was invited by the Corporation to nominate a representative to serve in his stead. The Committee re-nominated MR. SAMOILYS to serve for a further period of three years.

BACK BAY STANDING ADVISORY COMMITTEE.

CHAMBER'S REPRESENTATIVE.

(*See Report* 1936, *page* 3.)

By a Resolution No. 3101/36 dated 1st February 1943, the Public Works Department of the Government of Bombay extended for a further period of three years, with effect from 1st August 1942, the term of appointment of the Standing Advisory Committee for the Back Bay Reclamation Scheme on which MR. L. A. HALSALL is the Chamber's representative. He is also the Chairman of the Standing Advisory Committee.

TRADE MARKS ADVISORY COMMITTEE.

CHAMBER'S REPRESENTATIVE.

(*See Report* 1942, *page* 4.)

In April 1943, MR. D. A. TELFER resigned his seat as the Chamber's representative on the Advisory Committee in connection with the Trade Marks Rules and the Committee nominated MR. A. SOTIRIADI to serve in his stead.

GODOWN ACCOMMODATION FOR FOODGRAINS.

CHAMBER'S REPRESENTATIVE ON ADVISORY PANEL.

Towards the end of March 1943 the Government of Bombay informed the Chamber that it was proposed to form a small panel of Commercial Associations to advise both the officers responsible for receiving accommodation for the large quantities of foodgrains which were likely to be received in Bombay in the near future under the Government of India Food Grain Procurement Scheme, and the commercial interests affected, as to how the accommodation could be arranged with the least inconvenience. The Chamber was asked to nominate a representative to serve on the Advisory Panel.

The Committee nominated MR. D. MOIR.

ADVISORY COMMITTEE TO ASSIST THE EXPORT TRADE CONTROLLER.

CHAMBER'S REPRESENTATIVE.

Towards the end of February 1943 the Government of India informed the Chamber that they had decided to constitute a committee to be associated with the Export Trade Controller, Bombay, for the purpose of facilitating the administration of the quota scheme prescribed by the Government of India to regulate exports of cotton yarn and piecegoods from India. The Committee would consist of :—

(i) A representative of the Bombay Millowners' Association.

(ii) A representative of the Ahmedabad Millowners' Association.

(iii) A representative of the Bombay Chamber of Commerce.

(iv) A representative of the Indian Merchants' Chamber, Bombay.

(v) A member of the Export Advisory Council, to be nominated by Government.

The Export Trade Controller, Bombay, would be *ex-officio* Chairman of the Committee and would act as convener.

The functions of the Committee would be :—

(1) to advise Government as to the principles which should govern the allocation of quotas for cotton yarn and piecegoods to shippers, and

(2) in the light of such principles, as might receive the final approval of the Government of India, to assist the Export Trade Controller in dealing with applications for licences.

The Committee nominated MR. L. F. H. GOODWIN to serve as the Chamber's representative.

MOVEMENT OF GUNNIES AND JUTE GOODS FROM CALCUTTA TO BOMBAY.

CHAMBER'S REPRESENTATIVE ON ADVISORY PANEL.

In January 1943 the Secretary of the Transport Advisory Board informed the Chamber that it had been decided that the movement of gunnies and other jute goods from Calcutta to Bombay should be controlled by the Regional Controller of Railway Priorities, Bombay, with the help of an Advisory Panel. It was proposed that the Panel should consist of representatives of the Millowners' Association, Bombay, the Grain Merchants' Association, Bombay, the Indian Merchants' Chamber, Bombay, and the Bombay Chamber of Commerce.

The functions of the Panel would be to work out a programme based on genuine requirements of the trade and advise the Regional Controller of Railway Priorities, Bombay, from time to time on movement of gunnies and other jute goods from Calcutta to Bombay and also on allowing small exports from Bombay to nearby stations which could not obtain their supplies directly from Calcutta.

The Committee nominated MR. C. J. DAMALA as this Chamber's representative.

TRADE PANEL—HOARDING AND PROFITEERING PREVENTION ORDINANCE

CHAMBER'S REPRESENTATIVE.

In December 1943 the Government of Bombay requested the Chamber to nominate a representative to serve on a Trade Panel which was being constituted for the more effective administration of the Hoarding and Profiteering Prevention Ordinance. The Committee nominated MR. C. D. PRIESTLEY.

BOMBAY PROVINCIAL TRANSPORT AUTHORITY.

CHAMBER'S REPRESENTATIVE.

(*See Report* 1940, *page* 4.)

The term of office of the non-official representatives on the Provincial Transport Authority, Bombay, constituted under rule 46 (4) of the Bombay Motor Vehicles Rules, 1940, expired on the 31st March 1943 and the Government of Bombay requested the Chamber to nominate a representative to serve in place of

MR. J. M. B. GIBBONS for the triennium beginning with the 1st April 1943.

The Committee re-nominated MR. GIBBONS.

EX-SERVICES ASSOCIATION—BOMBAY BRANCH.

CHAMBER'S REPRESENTATIVE.

In November 1943 the Ex-Services Association, India, Bombay Branch, requested the Chamber to nominate a representative to serve on the Committee of the Branch.

The Committee nominated MR. C. H. COURTHOPE-MUNROE.

SUB-COMMITTEES.

The undermentioned gentlemen were nominated to serve on the following Standing Sub-Committees of the Chamber for the year 1943-44 :—

Import.

W. L. Clement, Esq. (*Chairman*).
W. J. Burrows, Esq.
R. A. M. Henson, Esq.
T. Kemp, Esq.
C. D. Priestley, Esq.
C. W. H. P. Waud, Esq.

Engineering (Imports).

E. J. C. Herring, Esq. (*Chairman*).
A. J. Emery, Esq.
A. Forrington, Esq.
N. M. Harrison, Esq.

Export.

L. F. H. Goodwin, Esq. (*Chairman*).
J. L. Hurschler, Esq.
A. Moch, Esq.
M. Paspatti, Esq.
R. G. Saraiya, Esq.

Shipping.

G. S. Taunton, Esq. (*Chairman*).
D. Stewart Brown, Esq.
C. O. Fountain, Esq.
C. F. Morris, Esq.
D. A. H. Windle, Esq.

Docks and Railways.

G. E. Berkley, Esq. (*Chairman*).
W. T. Aldous, Esq.
G. H. Brown, Esq.
J. G. Milne, Esq.
C. W. Warrington, Esq.

Labour.

A. W. Percy, Esq. (*Chairman*).
L. P. S. Bourne, Esq.
D. D. Carcary, Esq.
H. F. Milne, Esq.
C. S. Pettit, Esq.
E. W. A. Richardson, Esq.

Finance.

Sir Alexander Gray (*Chairman*).
E. J. Dawson, Esq.
R. E. Lewis, Esq.

Income-Tax.

B. J. Whitby, Esq. (*Chairman*).
G. A. H. Alexander, Esq.
A. E. Blair, Esq.
G. C. Pocock, Esq.
C. R. Sharp, Esq.

Weather Working Days.

R. W. Bullock, Esq.
L. P. S. Bourne, Esq.
W. L. A. Radcliffe, Esq.

MEMBERSHIP.

The total membership of the Chamber on the 3rd January 1944 was 198 against 184 at the beginning of 1943.

The following are the names of members elected.

THE JAYANT TRADING COMPANY. Proposed by Messrs. Narandas Rajaram & Co. and seconded by the Bank of India, Ltd.

MESSRS. HILL, ELLIOTT & CO., LTD. Proposed by the Hongkong and Shanghai Banking Corporation and seconded by Messrs. Sharp and Tannan.

MESSRS. SMITH STANISTREET & CO., LTD. Proposed by Messrs. Parke, Davis & Co., and seconded by the Chartered Bank of India, Australia and China.

MESSRS. CHATURBHUJ BHAICHANDBHAI & CO. Proposed by the Mercantile Bank of India Ltd., and seconded by Lloyds Bank Limited.

MESSRS. KISHINCHAND CHELLARAM. Proposed by the Chartered Bank of India, Australia and China, and seconded by the Mercantile Bank of India Ltd.

THE HABIB INSURANCE CO., LTD. Proposed by the New Zealand Insurance Co., Ltd., and seconded by the Chartered Bank of India, Australia and China.

MESSRS. M. SIDIQUE & CO. Proposed by Messrs. Volkart Brothers and seconded by Messrs. Ralli Bros. Ltd.

THE HABIB BANK LTD. Proposed by the Chartered Bank of India, Australia and China, and seconded by the New Zealand Insurance Co., Ltd.

THE GRESHAM LIFE ASSURANCE SOCIETY LTD. Proposed by the National Bank of India Ltd., and seconded by Messrs. Armstrong Smith Ltd.

THE FRENCH MOTOR CAR CO., LTD. Proposed by Messrs. Ford Motor Co. of India Ltd., and seconded by Messrs. Glenfield and Kennedy Ltd.

MESSRS. JOHNSON AND PHILLIPS LTD. Proposed by Messrs. Craigie, Blunt and Caroe and seconded by Messrs. A. F. Ferguson & Co.

MESSRS. W. A. BEARDSELL & CO., LTD. Proposed by the Chartered Bank of India, Australia and China and seconded by Messrs. W. H. Brady & Co., Ltd.

THE GRAMOPHONE COMPANY, LTD. Proposed by the Chartered Bank of India, Australia and China and seconded by Messrs. Crawford Bayley & Co.

MESSRS. KODAK LIMITED. Proposed by Messrs. A. F. Ferguson & Co. and seconded by the Chartered Bank of India, Australia and China.

MESSRS. BOOTS PURE DRUG CO., LTD. Proposed by Messrs. Grindlay & Co., Ltd., and seconded by the Royal Insurance Company, Ltd.

MESSRS. SHALEBHOY TYEBJEE AND SONS. Proposed by the Hongkong and Shanghai Banking Corporation and seconded by Messrs. Hardcastle, Waud & Co., Ltd.

The following resigned their membership of the Chamber :—

MESSRS. P. CHRYSTAL & Co., and the BOMBAY TELEPHONE CO., LTD.

DEARNESS ALLOWANCE TO CHAMBER'S STAFF.

(*See Reports* 1941, *page* 158; 1942, *page* 6.)

It was recorded in the Chamber's Report for 1942 that in view of the increased cost of living the Committee had increased the dear food allowance granted to the menial staff as from 1st July 1942, from Rs. 3 to Rs. 5 per mensem and had also with effect from 1st January 1943 increased the dear food allowance granted to the clerical staff from Rs. 7-8 to Rs. 10 per mensem.

As from 1st April 1943 the dear food allowance granted to the clerical staff earning up to Rs. 350 per mensem was increased to Rs. 15 and to the menial staff to Rs. 10 per mensem.

The allowance granted to the clerical staff was again increased with effect from 1st August 1943 to Rs. 20 per mensem and to the menial staff to Rs. 13 per mensem.

TONNAGE SCALE.

THE CHAMBER'S TESTING BIN.

(*See Reports* 1922, *Volume I, page* 12; 1923, *Volume I, page* 11.)

Under an Agreement dated 12th June 1923, the Chamber leased from the Bombay Port Trust at an annual rental of Rs. 100 a small plot admeasuring 74⅜ square yards in "F" shed, Grain Depot, for accommodation of the bin used in testing commodities for the Chamber's Tonnage Schedule. The lease was subject to three calendar months' notice.

On the 17th December 1942 the Manager of the Bombay Port Trust Railway informed the Chamber that the Military had requisitioned all the sheds in Grain Depot and also wished to occupy the whole of "F" shed, and he asked the Chamber to

arrange for the removal of the bin. Through the kindness of Messrs. Ralli Brothers Limited who had also been evacuated from the Grain Depot, the bin was at first accommodated in their godown at the Ryan Market, Dana Bunder, but this godown was in March 1943 summarily taken over by the Civil Supplies Department and Messrs. Ralli Brothers were given orders to quit the godown immediately. It was finally arranged to place the bin temporarily near the Measurement chowkies at Victoria Dock.

CHAMBER'S STATISTICAL RETURNS.

Manifests of Country Craft.

In February 1943 it was decided, as an experimental measure, to issue as supplements to the regular bi-weekly returns, copies of the manifests of Country Craft (Import and Export) from and to Persian Gulf and East African Ports. The restrictions which were imposed on the publication of the manifests of steamers were applicable to these manifests also, i.e., in particular, the names of the craft, the date of sailing or arrival and the country of destination were not given.

VISIT TO THE CHAMBER OF THE HON'BLE THE COMMERCE MEMBER.

The Honourable Sir M. Azizul Huque, C.I.E., D.Litt., Member for Commerce of the Viceroy's Executive Council, who was accompanied by Mr. C. C. Desai, I.C.S., Controller General of Civil Supplies, and Mr. P. C. Chaudhuri, I.C.S., Deputy Chief Controller of Imports, met the Committee on Monday, 6th December 1943, when the following questions were discussed :

1. Deputy Registrar of Trade Marks for Bombay.
2. Indication of Country of Origin on Imported Goods.
3. Family Remittances to Portuguese India.
4. The Prevention of Hoarding and Profiteering Ordinance.

A precis of the discussion relating to item 4 is reprinted on page 21.

VISIT TO THE CHAMBER OF THE SECRETARY, COMMERCE DEPARTMENT OF THE GOVERNMENT OF INDIA.

Mr. N. R. Pillai, C.I.E., C.B.E., I.C.S., Secretary to the Government of India, Commerce Department, met the Committee of the Chamber on Thursday, 21st January 1943, at 3 p.m.

The President in welcoming Mr. Pillai thanked him for giving the Committee an opportunity for discussing with him the various problems arising out of trade control.

1. The first question raised was the difficulties suffered by business interests when an embargo was placed on the export of any commodity and no notification of the embargo was issued to the public. The President referred particularly to the stoppage of the issue of licences for the export of pepper, except to the United Kingdom, in September 1942. As far as the Chamber was aware, no official notice or circular had been published by the Export Trade Controller in this connection. Mr. Pillai stated that he was not aware that the orders in connection with the stoppage of the issue of licences for the export of pepper had not been conveyed to the trade by the Export Trade Controller. He mentioned that it was not always feasible in the public interests to broadcast orders in connection with embargoes but he agreed that such orders should be communicated to Chambers of Commerce for the confidential information of their members interested and he intended to instruct the Export Trade Controller to inform the Chambers of Commerce on all future occasions.

2. The President then raised the question of the difficulty experienced by a member of the Chamber in obtaining an import permit for certain foodstuffs and raw materials for the manufacture of food products for civilian needs. While admitting that this particular case deserved sympathetic consideration, Mr. Pillai stated that the shipping position was such that he could hold out little hope of permits being granted in the immediate future.

3. In connection with the question whether piecegoods which had been contracted for but not shipped before the 1st April 1942 should be excluded from the current export quota allowance, the President stated that it was the general feeling of the members present that the export of pre-April commitments should be permitted as soon as possible. Everyone who entered into contracts after April 1942 knew that there was a possibility of a quota being introduced and should have adjusted his business accordingly but it was considered that contracts made prior to April should be given priority of shipment. Mr. Pillai stated that in his discussion with the Millowners' Association he found that some members wished pre-April commitments to be considered as being outside the quota while others felt that they should come within the quota. He promised to try and do what he could to get the pre-April orders shipped, as far as possible, outside the quota and bring the remainder within the quota. He did not think that there would be any further shipment allowed to Iraq and Persia outside the quota. Mr. Pillai added that the Millowners' Association had suggested to him that a small Advisory Committee might be appointed for the purpose of (1) advising Government as to the principles to be followed in allotting quotas, and (2) assisting the Export Trade

Controller in dealing with applications for licences. The Chamber would be asked to nominate a representative.

In reply to a question Mr. Pillai stated that exports by country craft were controlled in the same way as exports by steamer.

4. It was brought to the notice of Mr. Pillai that exporters, who held contracts for the South African market, but who had only entered that market since the outbreak of war, had experienced difficulty in obtaining permits for the export of apparel and cotton manufactures. Mr. Pillai stated that Government could not issue general orders in this connection but was prepared to consider individual cases on their merits.

5. In connection with the question of the desirability of all textile trade marks being registered with the Bombay Registrar, Mr. Pillai stated that he fully sympathised with the trade in this matter. He thought there should be no practical reason why it should not be done if it did not mean an amendment of the Act and could be done by administrative order.

6. Asked as to what was the position of export permits for tea, Mr. Pillai stated that all permits had been stopped since the 15th of December 1942. This included exports by country craft.

7. As regards the question of the imports of foodstuffs from Australia and the non-use of refrigerator space on steamers, Mr. Pillai stated that as far as he was aware, there was no vacant space on steamers from Australia. Owing to the urgent need for wheat imports all available space was to be used for wheat and the only space that would be allotted for commercial cargo for the next few months would be for baby food.

8. The President referred to the transfer of Mr. Parpia, the late Import Trade Controller, from Bombay. Mr. Pillai stated that he was deeply sensible of the appreciation of the Chamber of Mr. Parpia's services but he had been transferred to another appointment at Delhi and he hoped that the Chamber would extend to his successor the same courtesy and support as they had given to Mr. Parpia.

9. Mr. Pillai's attention was drawn to the extreme difficulty that was being experienced by shipping companies in obtaining stores for crews and passengers. It was suggested that someone might be appointed in Bombay who could give orders for the supply of such stores without a reference having to be made to Delhi, Mr. Pillai suggested that a possible solution would be for the suppliers of shipping companies to be permitted to build up stocks and he promised to speak to the Food Controller in the matter.

10. In connection with the food situation Mr. Pillai expressed a hope that there would be some improvement in April, although he could not give any authoritative declaration on the subject. Punjab had agreed to help Bombay by forwarding about 25 per cent. of its wheat requirements and it was hoped that the remainder would be made up by imports from Australia.

The President again thanked Mr. Pillai for meeting the Committee of the Chamber and giving them a patient hearing.

VISIT TO THE CHAMBER OF THE ACTING CHIEF CONTROLLER OF IMPORTS.

MR. Y. N. SUKTHANKAR, C.I.E., I.C.S., Acting Chief Controller of Imports, who was accompanied by MR. P. C. CHOWDHURY, I.C.S., Deputy Chief Controller of Imports, Bombay, met the General Committee, the Import Sub-Committee and the Engineering (Imports) Sub-Committee, on Thursday, 17th June 1943, and had an informal discussion on various matters relating to the import of goods into Bombay and the issue of licences in connection therewith.

VISIT TO THE CHAMBER OF THE FOOD MEMBER OF THE GOVERNOR GENERAL'S EXECUTIVE COUNCIL.

The Hon'ble Sir J. P. SRIVASTAVA, K.B.E., Food Member of the Governor General's Executive Council, accompanied by Mr. P. R. SEN, Director-General of Food, Mr. J. B. ROSS, Regional Food Commissioner, and the Hon'ble Mr. H. F. KNIGHT, C.S.I., C.I.E., I.C.S., Adviser to the Governor of Bombay, visited the Chamber on Monday the 27th September 1943 and had a general discussion with the Committee on the food problem in India.

VISIT TO THE CHAMBER OF THE RATIONING ADVISER TO THE GOVERNMENT OF INDIA.

MR. W. H. KIRBY of the Ministry of Food, London, who had been appointed Rationing Adviser to the Government of India, visited the Chamber on Tuesday, 31st August 1943, and delivered an interesting address to members on food rationing in the United Kingdom and food control and rationing in India.

VISIT TO THE CHAMBER OF BRIGADIER R. M. SASSOON.

BRIGADIER R. M. SASSOON, Director of Salvage and Disposals, met the President in the offices of the Chamber on Tuesday,

16th November 1943, and had an informal discussion on the subject of the disposal of surplus stores which will become available after the conclusion of hostilities.

VISIT TO THE CHAMBER OF THE COMMERCIAL ATTACHÉ TO THE BRITISH LEGATION AT KABUL.

In December 1942 the Department of Commerce of the Government of India informed the Chamber of the creation of a post of Commercial Attaché to the British Legation at Kabul and the appointment of KHAN BAHADUR MIRZA MUMTAZ HASAN KIZILBASH of the United Provinces Civil Services to it.

Mr. Kizilbash visited the Chamber on the 8th January 1943 when the President had an informal discussion with him on matters affecting trade between India and Afghanistan.

ASSOCIATED CHAMBERS OF COMMERCE OF INDIA.

ANNUAL MEETING, 1943.

The annual meeting of the Associated Chambers of Commerce of India was held at the Royal Exchange, Calcutta, on Monday, 20th December, 1943. The meeting was opened by HIS EXCELLENCY FIELD-MARSHAL THE RIGHT HONOURABLE THE VISCOUNT WAVELL, P.C., G.C.B., G.M.S.I., G.M.I.E., C.M.G., M.C., Viceroy and Governor General of India. The Bombay Chamber was represented by MR. C. P. BRAMBLE and MR. J. M. B. GIBBONS, two past Presidents of the Chamber.

The following is a list of subjects in connection with which resolutions were adopted by the meeting :

1. Income Tax : Property—Allowance for repairs under section 9(1).
2. Income Tax Appellate Tribunal.
3. Excess Profits Tax : Post-War Taxation on profits of industry.
4. India's Food Position.
5. Post-war Reconstruction.
6. Post-war Trade Policy.
7. War Risks Insurance.
8. Inflation.
9. Claims in respect of lost or damaged goods against Railway Administration.
10. Trunk Telephone Services.
11. The Trade Marks Act, 1940. Reciprocal arrangements with Indian States.

CENTRAL ADVISORY COMMITTEE FOR LIGHTHOUSES.

ASSOCIATED CHAMBERS' REPRESENTATIVES.

(*See Report* 1941, *page* 16.)

In May 1943, the Associated Chambers of Commerce of India informed the Chamber that the Central Advisory Committee for Lighthouses, appointed in 1941 for a period of two years with effect from the 1st April 1941, had ceased to exist and a fresh Committee had to be reconstituted for a similar period from the 1st April 1943.

The Committee of the Chamber renominated MR. G. S. TAUNTON to serve as one of the representatives of the Associated Chambers on the Central Advisory Committee. The Chamber was subsequently informed that the names of the following gentlemen had been submitted by the Association to the Government of India for re-appointment as its representatives :—

MR. A. K. G. HOGG	.. .. ..	Calcutta.
MR. G. S. TAUNTON	.. .. ..	Bombay.
MR. W. T. WILLIAMS	.. .. ..	Madras.

IMPERIAL COUNCIL OF AGRICULTURAL RESEARCH.

ASSOCIATED CHAMBERS' REPRESENTATIVE.

(*See Report* 1941, *page* 16.)

The term of office of MR. R. SCHERER, the representative of the Associated Chambers of Commerce of India on the Governing Body of the Imperial Council of Agricultural Research expired on the 19th December, 1943 and the Committee put forward his name for re-election to serve over a further period of three years. The Chamber was subsequently informed that he had been re-elected.

THE WAR.

(*See Reports*, 1939, *page* 17 ; 1940, *page* 15 ; 1941, *page* 17; 1942, *page* 16.)

The following are some of the more important subjects affecting commerce which came under the consideration of the Committee of the Chamber during the year under review arising out of the War between the United Nations and Germany, Italy and Japan.

HOARDING AND PROFITEERING PREVENTION ORDINANCE (XXXV OF 1943).

The Viceroy and Governor-General on the 16th October 1943 promulgated an Ordinance to provide for the prevention

of hoarding and profiteering. A special meeting of the Committee of the Chamber was held on the 21st October 1943 when it was resolved to forward the following telegram to the Honourable Member in Charge, Industries and Civil Supplies, and the Private Secretary to His Excellency the Viceroy :—

"Ordinance XXXV Bombay Chamber fully appreciate desirability measures to prevent hoarding and profiteering but submit that there are so many impracticable provisions in Ordinance particularly Clauses five and six that whole Ordinance should be withdrawn immediately for full consideration in conjunction with trade, commercial and manufacturing interests."

In confirming the telegram the Committee mentioned that as stated therein they were fully alive to the necessity of strict measures being taken to put an end to the hoarding and profiteering in which many merchants in this country were at the moment indulging, but they considered the Ordinance in its existing form was entirely impracticable and, unless amended, would result in many reputable firms and industries having to cease doing business. The clauses most open to objection were Nos. 5, 6 and 9, and it was the fact that these were the most important clauses in the ordinance that prompted the Committee to submit that the ordinance should be immediately withdrawn pending full consideration with trade, commercial and industrial interests.

Clause 5(*a*).—This provided that no "dealer" should have in his possession at any time a quantity of any article in excess of one-quarter of the total quantity of that article held by him in the course of the year 1939. In existing conditions this was a most inequitable provision because importers, as a general rule, were obliged to order and stock much larger quantities of any one article than they would ordinarily hold in peace time, owing to the difficulties of getting regular supplies. Moreover, even if they placed relatively small orders, it frequently happened that these accumulated owing to lack of shipping opportunities and then quantities of goods covering a number of accumulated orders all came forward on one ship. A further consideration was that many importers who previously bought from Continental and other sources, which supplies had been entirely cut off, had been obliged in order to carry on their businesses to look for other sources of supply and in many instances to import and stock articles entirely different from those which they handled prior to the outbreak of the war.

Clause 5(*b*) put a similar restriction on producers in respect of their total production during any one of the three years 1940 to 1942 in which production was the greatest. Here again the restriction was quite impracticable, as in many cases, producers had found themselves with large stocks on hand owing to their

inability to despatch them by rail in sufficient quantities to the various consuming centres in India, and to the failure of the various purchasing departments of Government to take regular delivery of their purchases.

Clause 6 was open to more objections than even clause 5, as it would be quite impossible for many concerns to carry on business at all on the basis of an addition of only 20 per cent. to either :—

(*a*) the landed cost in the case of an imported article, or

(*b*) the cost of production in the case of an article not imported.

Admittedly, by clause 6(3), the Controller General might vary this percentage in respect of any article or class of articles but the Committee were of opinion that the number of cases in which a variation of the percentage would be justified would be so numerous that, in practice, the provisions of clause 6(2) would be largely inoperative.

As an example the Committee pointed out that importers of machinery, electrical goods, precision tools, etc., were compelled in the ordinary course of their business to maintain a highly specialised staff, and the overhead costs alone of running such a business were much higher than 20 per cent. on landed costs. In this connection it was mentioned that Government themselves had already approved a margin of 30 per cent. to dealers in small tools. The percentages which even wholesale importers had to add to landed costs varied from 10 per cent. to 45 per cent. according to the nature of the goods, the volume in which they were sold, " after sales " service which had to be rendered to buyers, advertising costs, etc., and it was the view of the Committee that it was neither practicable nor equitable to stipulate any standard margin such as this ordinance attempted to do.

As regards articles which were not imported, clause 6(2) provided that they must not be sold at a price exceeding 20 per cent. additional to the cost of production. This again was impracticable and, in fact, the meaning was obscure. The Committee enquired what the words " cost of production " were meant to cover ? It was presumed that reference was intended to the ex-factory cost of an article, but it appeared to have been overlooked that a manufacturer had to allow for other expenses in addition to the ex-factory cost before it was possible to arrive at a price at which he might sell. Many had to allow, for example, for advertising and distribution expenses, cost of selling staff, etc.

Another point requiring clarification, both with reference to imported goods and goods produced in this country, was to whom

was the 20 per cent. addition allowable ? As the ordinance was phrased, it would appear that no article might be sold at a price representing an addition of more than 20 per cent. to the landed cost of the cost of production, as the case might be, quite regardless of whether in the ordinary course of trade such article had to pass through the hands of a wholesaler and one or more retailers before it reached the consumer.

Clause 9.—This clause appeared entirely to leave out of consideration one important factor in present times, and that was that owing to shortage of supplies of various articles many dealers and producers had found it necessary not only to limit the quantities they sold at any one time to their regular customers but also, in the interests of their regular customers, to decline to sell to any new ones who had not previously bought from them. The rationing of supplies in this way was perfectly reasonable in existing circumstances, but according to the ordinance any dealer or producer requiring so to ration supplies must in every case obtain specific authorisation from the Controller General or other officer empowered in this behalf by the Central or Provincial Governments.

It was perhaps not too much to say that, in order to continue usual and legitimate business, the majority of trading and manufacturing concerns would find it necessary to claim that the provisions of the three clauses mentioned above should be specially varied to suit individual cases. In the circumstances the Committee trusted Government would accept their view that the Ordinance in its existing form should be immediately withdrawn and the whole matter reconsidered in conjunction with trade, commercial and manufacturing interests.

The Committee discussed the provisions of the Ordinance with MR. C. C. DESAI, I.C.S., Controller General of Civil Supplies, on the 9th November 1943, when it was pointed out that as the Ordinance stood it was almost impossible for anyone to do business without infringing its provisions. It was also suggested that it might function more satisfactorily if section 2(*a*) were reversed and the Ordinance applied only to goods which were specifically scheduled from time to time in the *Gazette of India* and non-scheduled goods excluded from its operation.

Mr. Desai replied that Government had considered this solution but had come to the conclusion that it would not be possible to have selective control and that all classes of goods must come within the scope of the control. Any other form of control, he contended, would be unfair and discriminatory to dealers and manufacturers. He gave as an instance, the case of the Punjab growers of wheat who complained that while they

were not allowed to sell wheat above a certain price, they could only buy with their earnings the commodities they needed at very enhanced prices.

As regards section 6 of the Ordinance, Mr. Desai stated that the application of the 20 per cent. margin as laid down was not as difficult as it would appear at first sight. The figure was elastic and could be increased or reduced as circumstances required. There was no intention of encroaching upon a normal pre-war profit and, in fact, this would be permitted on an even higher scale to cover increased war charges, but profit must bear a relation to the capital employed and only a fair margin would be allowed.

It was pointed out to Mr. Desai, following on his reference to pre-war trade practice, that many concerns had been working at a loss or at least a very low margin of profit in 1939 and that it would obviously be impossible for them to continue on anything like the same margin of profit in present-day conditions. It was further pointed out to Mr. Desai that the Ordinance itself definitely cut across normal trade practice where that practice was to add more than 20 per cent. because section 6(2) specified a maximum addition of 20 per cent. or the addition allowed by normal trade practice, "*whichever is less.*" The Committee expressed the opinion that the words "*whichever is less*" should be deleted, but Mr. Desai expressed doubt as to whether Government would agree to this. He stated that Government's intention was that the 20 per cent. margin should be the datum line, and for anything in excess of that representations must be made to the Controller General explaining why 20 per cent. was an inadequate margin.

Mr. Desai was informed that in the opinion of the Committee "the cost landed" basis in section 6(2) (*a*) would not be acceptable, as importers had many other charges to bear, such as establishment, office and godown rent, distribution charges, selling staff, repacking, war risks insurance, etc., to cover which a further addition had to be made to the landed cost before arriving at the figure to which the profit margin should be added. It was contended that importers should be entitled to add a reasonable percentage to the landed cost to cover all these charges in the same way as a manufacturer covered overhead charges in the calculation of cost of production. To this he replied that the question of such additions to the landed cost would again depend on what was the normal pre-war trade practice in each case.

It was next explained to Mr. Desai that in the ordinary course of their business many merchants had occasion to buy goods from market dealers for supply to their regular customers,

if they happened to be out of stock. For example, suppliers of textile stores often bought stores from other merchants for supply to mills who were their regular customers and that it was necessary to do so to keep the mills going. Such stores had to be bought whenever required and wherever they could be obtained. In many cases they could only be bought at a price much in excess of the landed cost and purchasers then had no option but to pay the price asked. According to the ordinance, as soon as suppliers resold such stores to their customers, even if at the cost price to them, they would technically be open to prosecution as the price might well be much in excess of the 20 per cent. margin over and above the landed cost. Mr. Desai agreed that this was a difficult question but said that Government were determined that the final selling prices to consumers should be related to the landed costs or, in the case of goods produced in India, the ex-factory costs. He went on to say that Government had no sympathy for merchants who had made purchases from other middle men at continually rising prices and said that the last link in any such chain of purchasers would have to suffer the loss although, on application to him, prices would be fixed in such a manner as to lessen the loss to the seller. The Committee stated that in the circumstances the Ordinance was not only impracticable but would result in grave injustice even to honest merchants.

Mr. Desai went on to say that Government were relying on consumers who had to pay high prices for their goods reporting the matter to his Department who, he said, would then take action against those merchants who had sold at such high prices. He was informed that in the opinion of the Chamber that hope would not be realised, except perhaps in a very few cases.

As regards articles produced in this country, Mr. Desai admitted that the " cost of production " basis in section 6(2) (*b*) was incorrect, as it left out of account the producer's margin of profit, and he said the Ordinance would be amended to make it clear that the basis would be the ex-factory price of an article.

In reply to criticisms regarding section 5 which limits the stocks dealers and producers were permitted to hold, Mr. Desai stated that exemption from this could always be obtained on application to him, except in cases of obvious hoarding.

It was pointed out to Mr. Desai that section 9 also interfered with what was a legitimate and very general practice in existing circumstances, namely, that dealers and producers were often compelled to confine sales to their own regular customers, and that not only had they to ration deliveries to their regular customers but they had to refuse to sell to new ones. He stated, in reply, that authorisation in this regard could always be obtained from his Department so that sellers could continue such practice.

Mr. Desai then emphasised that it was not the intention to launch any prosecutions except against important offenders who indulged in gross profiteering and that no suits would be brought in marginal cases. Dealers and manufacturers who could make out a case for charges in excess of 20 per cent. over the landed cost (on the grounds that the goods were being sold at a profit which was governed by the usual pre-war trade practice committed no offence if they continued carrying on their normal arrangement but an official application should in all cases be made to the Controller General, who, if he was satisfied, would issue a temporary permission pending final decision. A representative of the Controller General would be appointed in the course of next week in Bombay, and applications would be expeditiously dealt with by him.

The Committee stated that they still considered the Ordinance impracticable and that Government would find they had not the necessary machinery to enforce it. The Committee objected particularly to the position whereby, even though continuing their normal practice as regards the carrying of stocks and fixation of prices, merchants should be in the position of having to infringe the provisions of the Ordinance daily during their ordinary course of business. Even though prosecution in such cases was improbable, they considered it wrong that honest merchants should be forced into a position where they were technically liable to criminal prosecution. They stated further that, in their opinion, the number of applications which would have to be made to the Controller for exemption from a number of the provisions of the Ordinance would be so great that it would be a severe hindrance to all business and very many months before it would be possible for Government to deal with them. In short, Government would find it impossible properly to administer the provisions of sections 5 and 6.

During the course of the discussion Mr. Desai said that he hoped shortly to clarify the whole position at a Press conference. In reply to this, the Committee stated that in their opinion an official statement from Government was required as ordinary trading had already been greatly upset and all merchants were uncertain as to their position under the Ordinance.

The Associated Chambers of Commerce of India, to whom was forwarded a copy of this Chamber's letter to Government, also addressed the Department of Commerce on the subject and pointed out that they accepted without qualification the statement contained in the preamble to the Ordinance that ". . . . an emergency has arisen which makes it necessary to provide for the prevention of hoarding and profiteering." They supported the objective but could not accept the means whereby Government had sought to attain it.

The Committee took the opportunity of the visit to the Chamber of the Hon'ble Sir Azizul Huque, Member for Commerce on the 6th December 1943 to discuss the question with him. In opening the discussion the President drew attention to the Prices of Goods Act, 1939, that was in force in the United Kingdom. In the preamble it was stated that it was the intention of the Act to prevent the prices of goods of such descriptions *as may be specified* by the Board of Trade being raised above the "basic price" by more than an amount referable to increases in certain specified expenses. The Indian Ordinance on the other hand was made to apply to all goods *except those specifically notified* as being excluded from it. He reminded the Hon'ble Member that when the Committee met Mr. Desai on 9th November they then expressed the opinion that the Ordinance should apply only to goods which were specifically notified, and said much of the criticism levelled against the Ordinance would have been avoided if the basis adopted in the United Kingdom had been followed in India. The Hon'ble Member replied that he did not consider it would have been practicable within any reasonable period to specify the articles to which the Ordinance was to apply and that in the circumstances an "omnibus" Ordinance was considered the better alternative.

Fixed Profit Margin.—Section 6 of the Ordinance decreed a maximum addition of 20 per cent. profit, whilst the English Act provided that price regulated, i.e. scheduled goods, could be sold at such increases as were approved by Government, and the First Schedule set out the various matters to be regarded in fixing this permitted increase, such as insurance, wages, overheads, marketing expenses, etc. The Commerce Member in reply suggested that the English Act applied in practice more to goods manufactured in the United Kingdom than to imported goods since His Majesty's Government was practically the only importer. He had no intention of disallowing normal trade practice but suggested that business conditions were so different in India as compared to the United Kingdom that it would not have been practicable to settle all prices on the basis of a schedule of specified overhead charges. He stressed the fact that the Ordinance also provided for "such increase as may be permitted by the Controller General" over and above the 20 per cent.

Landed Cost.—It was pointed out to the Commerce Member that landed cost theoretically included only the c.i.f. value of goods plus customs duty and Port Trust charges and that it was not equitable to add the 20 per cent. margin to this figure as various necessary post-importation charges such as those referred to in the previous paragraph had to be added before arriving at a price on which profit was to be charged. The President suggested that landed cost plus these necessary overhead expenses should

be the basic figure to which any profit margin should be added. To this the Commerce Member replied that such overhead expenses varied so considerably in respect of different businesses and different firms that he could not accept that as a general basis, but that Government did not desire in any way to upset normal trade practice and all that was required was that importers should advise the Controller General of the total percentage which they considered necessary to add to their landed costs, and if this was reasonable and not excessive in relation to pre-war practice, it would be permitted.

Cost of Production.—The Commerce Member also stated that the Ordinance would be amended to make it clear that the cost of production of an article produced in India was to be considered as the ex-factory price and this would include the manufacturers' profit.

Purchase through Middlemen.—The President then referred to purchase through a chain of middlemen. He gave as an example the case of a firm selling millstores who might on occasions find it necessary to buy stocks in the market at considerably more than 20 per cent. over the landed cost for sale at only a small margin of profit to mills who were regular customers. The Commerce Member signified that in this case the final link in the chain of middlemen who sold to the mills at a small profit would be committing no offence, but it was his moral duty to report the name of the seller to enable the Controller General to make enquiries as to who in the chain of middlemen had made any exorbitant profit. He added that information so supplied would be kept secret and the source would not be disclosed.

Statistical Information called for in respect of Scheduled Goods.—The President mentioned the Notice dated the 22nd November calling upon all importers of certain scheduled goods to supply to Government a mass of statistical information before the 10th December. He pointed out that it was quite impossible to comply with this in such a short space of time and that in any case many firms would be forced to engage special staff to prepare these details which might take months to furnish, and it was doubtful if the mass of information finally submitted could be of any great value to Government. The Commerce Member replied that he would look into this matter immediately on his return to Delhi.

Press Notes.—In reply to a question as to whether Press Notes should be regarded as official *communiques*, the Hon'ble Member replied in the negative. Only Notifications in the *Gazette* were to be regarded as Government pronouncements having legal authority.

HOARDING AND PROFITEERING PREVENTION ORDINANCE.

NEW PROCEDURE OF SUPPLY DEPARTMENT.

Towards the end of November 1943 a member brought to the notice of the Chamber that they had received an order from the Department of Supply, New Delhi, to which the following condition was attached :—

"Please confirm that your quotation is in conformity with section 6 of the Ordinance XXXV of 1943, and if not you may please revise your quotation at once. This opportunity is being afforded to all tendering firms whose quotations are *prima facie* acceptable. Please note that this Department reserves the right to revise the prices should they not be found in conformity with section 6 of the said Ordinance."

The Committee immediately lodged a protest with the Government of India against this procedure. They suggested that it was not the function of the Supply Department to endeavour to enforce a provision of Ordinance No. XXXV and it appeared in their view to be an entirely unjustifiable attempt by the Department to secure supplies at 20 per cent. over the landed cost or the cost of production regardless of other considerations.

The Committee considered that the Supply Department must be fully aware that many firms had entered into an arrangement with the D.G.M.P. and other Government Departments by which the basis that they did business with the Departments had been laid down and agreed to by both parties prior to the introduction of Ordinance No. XXXV and that consequently orders for these goods could not be considered as coming within the purview of the aforementioned Ordinance.

The Committee expressed a hope that in future orders of this nature would be deleted. They also brought the matter to the notice of the Hon'ble Member for Commerce when he met them on the 6th December 1943.

A letter was subsequently received from the Controller General of Supplies stating that Government were considering whether such goods should be exempted and that in the meantime they would be treated as "saved from the operation of the Ordinance."

The Government of India at a later date stated they saw no reason to alter the procedure. If any firm was entitled to a higher price than that allowed by the Ordinance, it could take action under the Ordinance to realize that price. Government added that it was not intended to amend contracts already concluded with Government though they might be revised in the light of the Ordinance when they come up for renewal.

As the Committee considered Government's reply to be unsatisfactory they addressed the Associated Chambers and suggested that if the constitutent Chambers agreed a representation might be made to Government by the Association.

FOOD RATIONING PLAN FOR BOMBAY.

(*See Report* 1942, *page* 53.)

The shortage of kerosene oil due to circumstances of the war, and the shortage of sugar and other commodities of food, particularly rice and wheat, which became serious towards the end of 1942, forced the Government of Bombay to consider the question of drawing up a rationing plan for Bombay City, whereby the smooth distribution of the available quantities of foodstuffs and commodities would be assured. The matter received the attention of the Standing Committee of the Food Advisory Council, Bombay, on which Committee the Chamber is represented by MR. J. M. B. GIBBONS. On being asked for its views on the subject by the Government of Bombay, the Committee of the Chamber expressed the opinion that it was advisable that some sort of machinery should be ready prepared, if at any future date there should be a shortage of any commodity and rationing should have to be resorted to.

The first step towards the realisation of a plan of rationing in Bombay City was the enactment in January 1943 of a law to provide for the numbering of premises and the collecting of information about the population. Separate provision was made for the collection of such information from hotels, clubs, restaurants, etc., under the Bombay Rationing Enquiry Order.

While this information was being obtained, which covered a period of six weeks, the Government of Bombay, in order to prevent hoarding of foodgrains, published the Essential Articles Restricted Acquisition Order of 1943, which was applicable to the City of Bombay and the Bombay Suburban District. Under the order, no person could acquire more than a month's requirements of his household or establishment of any of the following foodgrains, viz., wheat and wheat products, rice, jowar and bajri. If any person had under his control more than a month's requirements of his household or establishment of any of these foodgrains, he was debarred from making any further purchases of that foodgrain, until his stock was reduced below a month's requirements.

By the first week in March, preparations were complete for the distribution of ration cards. Distribution commenced on 4th March and in order to speed it up the 8th March was declared a public holiday and a mill holiday so as to enable all persons to stay at home to receive their ration cards.

The ration was to be in terms of units. Each adult, i.e., a person above the age of 12, was entitled to two units, and a child below the age of 12 but over 2 was entitled to one unit; for a child below two years no grain provision was made. The value of a unit was half a *paylee*. This meant that an adult for each week might purchase

½ *paylee* of wheat and ½ *paylee* of rice or bajri or
¼ *paylee* of wheat or bajri and ¾ *paylee* of rice or
a *paylee* of bajri.

After the distribution of ration cards, holders were requested to register themselves with authorised grocers and Government grain shops. Registration at any one shop was limited to 500 persons. It should be mentioned here that in the case of persons accustomed to bread, instead of actually purchasing wheat, anyone could obtain all or a part of his wheat ration in the shape of a bread ticket. This would be given by the retailer on cancellation of such portion of the ration card as corresponded to the amount of wheat in place of which the bread ticket was taken.

Rationing became effective on the 2nd May 1943.

In order to minimise the inconvenience experienced by the public in obtaining sugar, the Government of Bombay decided in June 1943 to include that commodity among the rationed articles. The ration fixed for sugar was in the first instance 10 ozs. per week per person, but this was subsequently raised to 12 ozs.

Certain circumstances in the supply of commodities also brought about a change in the quantity and price of rice. Rice supplies fell far short of expectations; imports from other provinces were also not as satisfactory as was expected at the beginning. In order to make supplies last as long as possible, the Government of Bombay on the 27th June 1943 reduced the maximum of rice from three-quarters of the ration allotted to half. At about the same time the wheat position improved and Government decided, with effect from 4th July 1943, to raise the maximum proportion of wheat against each unit of ration from one half to three-quarters. The rice position, however, still continued to cause anxiety. When rationing was introduced, rice was being sold in two qualities, the first quality being priced at Rs. 1-7-0 and the second quality at Re. 0-14-0. It was found that in the city rice was the staple diet of 97.7 per cent. of the working class and the second quality of rice was consumed by 58 per cent. of the working population. On this basis it was found that the second grade rice stocks were reaching zero point. In order to meet the situation the rice of the first grade was

re-assorted into two varieties, one to be sold as second quality at Re. 1 per *paylee* and the other as first quality at Rs. 2 per *paylee*. City dwellers were allowed to buy not more than half of their rice quota in the second quality rice.

An important change made in the system of rationing was the decision to introduce individual ration cards to replace the family ration cards after their expiry on the 17th October 1943. Under the new system, as each individual would have a card of his own, it would be possible more easily and quickly to report temporary or permanent departures.

Notwithstanding a few minor complaints, rationing has proved a success, for the main object of rationing, namely, the smooth distribution of available supplies has been achieved, and in the various food conferences and meetings of ministers of Provincial Governments, Bombay, the largest rationed city in India, has been often held up as an example to emulate.

—

PRICE CONTROL AND RATIONING.

(*See Report* 1942, *page* 55.)

It was recorded in the Chamber's report for 1942, that the Committee supported the Madras Chamber's request to the Associated Chambers of Commerce of India, that the Government of India should be asked to take drastic steps to control prices of not only foodstuffs which could perhaps be best dealt with on a provincial basis, but of iron, steel and hardware generally, yarn, dyes, chemicals and other products which could only be dealt with on an all-India basis.

As the position in Bombay in regard to the rise in the cost of living was steadily getting worse, the Committee of the Chamber in June 1943, addressed a letter to the Adviser to His Excellency the Governor.

The Committee pointed out that they had for a number of months past viewed, with concern, the steep rise in the prices of essential commodities which had been so evident throughout the country, the race which had been going on between these prices on the one hand and dearness allowances and bonuses on the other, and the shortages of certain essential foodstuffs in consumption areas such as Bombay City. They felt that a state of affairs had now arisen where immediate action was necessary, if the cost of essential commodities, and with it the cost of living was not to go on rising to heights which would cause acute distress and suffering among large sections of the population and thereby directly and indirectly impede the war effort.

The Committee were aware that the need for a reduction in spending power had been, and it was understood, was still receiving the consideration of the Government of India and, doubtless in this matter, the intricacies of which they fully appreciated, the Governments of Provinces, who were so vitally and intimately concerned, were being closely consulted. But the reduction of purchasing power, important as it was in checking further price increases, was not in itself enough; it must be accompanied by control of prices of essential commodities. The two measures were in fact complementary. Reduction of purchasing power alone would seriously disturb the industrial and commercial peace of the country, with resultant harm to the war effort, while without some reduction in purchasing power, price control measures would be largely nullified. Moreover, price control and a reduction in spending power were in themselves insufficient: availability of those essential commodities in reasonable and sufficient quantities must be assured. It was realised that price control tended to drive stocks underground, but, on the contrary, experience had also shown very clearly that stocks disappeared with the sole object of forcing prices to a higher level; thus firm determined action by Government to control prices must tend to force stocks into consumption unless professional hoarders were to lose money.

Without in any way wishing to minimise the magnitude of the problem, the Committee's considered opinion was that the existing more than unsatisfactory state of affairs demanded firm and determined action by the Central and Provincial Governments: and in any measures which were taken and were calculated to advance the objects in view, the Government of Bombay were assured of the Committee's co-operation. With this in view the Committee submitted the following detailed observations which might possibly be of assistance to Government:—

(1) Bombay was the only Province which had yet embarked on a comprehensive scheme of rationing in a large city. In commending this step, the Committee hoped that the Bombay Government would not be deterred by any difficulties, however great, (*a*) from extending rationing to the suburbs of Bombay, (*b*) from embracing, within the rationing scheme, other essential foodstuffs and commodities, notably those which had shown the greatest price increases, and which should similarly be made available to the public, at controlled prices through Government grain shops and through the shops operated by mills, by other large employers of labour, and by co-operative societies, etc.

(2) They suggested that special Courts should be set up for the summary trial of hoarders and profiteers and that

Magistrates in charge should be encouraged to award really deterrent punishments in cases of conviction.

(3) In regard to all essential commodities which it was known were being hoarded, immediate orders should be issued that all holders must declare their stocks, and very firm and prompt action taken in all cases where evasion of those orders was suspected.

(4) The Committee also suggested, that the aid of the Press and the Wireless should be sought in giving the widest possible publicity to Government's intentions to suppress hoarding and profiteering.

(5) The dearness allowance of Rs. 28-15 currently payable by the Bombay mills and by a number of other Bombay employers to their labour, and calculated on the Government Labour Index Figure of 227, was, with few exceptions, if any, considerably higher than the dearness allowance paid by employers elsewhere in India. The Committee did not believe that the difference between the cost of living in Bombay and the rest of India was as great as the relative disparity in the dearness allowances indicated: this opinion could, they suggested, be checked by a comparison of the dearness allowances paid by other Provincial Governments, and by the various Railways, to their own employees.

The Committee understood that the basis on which the Government Index was calculated was at that time under careful examination, and they expressed a hope that steps would be taken at an early date to bring the basis of these calculations more in line with realities: and, in particular, that, as the rationing of any articles was introduced, the quantities of such articles which the individual or his family might purchase under the rationing scheme, and no more, would be included when calculating the Cost of Living Index. Similarly, the prices on which the calculations were based should be the controlled prices not the prices of expensive varieties of cloth, grain, etc., but rather of the cheaper grades, inasmuch as a dearness allowance should compensate for the higher cost of necessities, not of luxuries.

It was recognised that any steps to alter the basis of these calculations would have to be taken slowly, but the Committee were of opinion that it was most important to prevent the Cost of Living Index, and the dearness allowance calculated thereon, from rising further. Each increase in dearness allowance, or wages, presented hoarders and profiteers with a fresh invitation to increase their prices; and of this they were quick to take advantage, thereby increasing the difficulties, already great enough, in the way of effective Governmental control of prices

in a market which was already short of supplies. Thus these successive increases in dearness allowance defeated their own object and, in fact, merely aggravated the vicious spiral of rising prices and rising wages.

The Committee accordingly considered it important that all possible steps should be taken, not only to prevent prices from rising further, but also to stabilise dearness allowances.

As a result of this letter, a small deputation of the Committee had an interview with MR. H. F. KNIGHT, Adviser to His Excellency the Governor in August 1943. Some of the main points which emerged from this interview were as follows.

There was no likelihood of any appreciable reduction in the cost of living in Bombay until the new rice crop came on the market towards the end of the year: the position then would depend entirely on whether the rainfall and weather were favourable between that time and the harvesting of the crop.

Meantime, the position in regard to rice supplies was difficult and was likely to become more so. The quantity of rice available for distribution under the rationing scheme might have to be curtailed. The Sind Government had just recently put up its price for rice for export to other Provinces from Rs. 10, in two or three stages, to Rs. 17 a maund; this latter figure was, it was estimated, at least double what the grower would receive for his rice in Sind.

It was agreed that the existing total grain ration in Bombay was on the generous side, both for labour and clerical staff: and if it was necessary to reduce the ration, there was some margin for such reduction before one would arrive at a stage at which the ration would be inadequate. It was hoped, however, not to have to reduce the grain ration until further supplies of other commodities, e.g., vegetables, were available. The position in regard to wheat supplies for Bombay was at the moment rather better than it was for rice, or bajri.

The profits which the Bombay Government had been making from its retail sales through Government grain shops had been higher than anticipated, so there was a small margin by which wholesale prices would increase before a corresponding increase in retail prices was necessary. The Bombay Government was not prepared to subsidise sales to the public through Government grain shops, or through any other channels, at less than cost price. If a rationing scheme could be evolved for the whole Province, that would be another matter, but the bulk of the Provincial revenue came from the agriculturist, and Government was not prepared to subsidise the consumer in Bombay City at the expense of the agriculturist in the districts.

There were no foodstuffs of which Bombay Presidency had an exportable surplus. The only commodity which the Presidency exported to other Provinces on a large scale was cloth.

Considerable attention had been given to possible control over supplies and prices of fish, vegetables, and milk. The control of fish would involve the various cold-storage plants, which were privately owned. Control of meat would probably result in the butchers going on strike and the city being without meat for a week or so, after which it might work. No decision seemed to have have been taken up to then regarding these commodities. Milk also was in the hands of large private interests, and the whole question of supply had been made more difficult by the absence of supplies of powdered milk which used to be added in large quantities, with water, to Bombay's natural milk.

A further deputation of the Committee interviewed MR. C. A. BRISTOW, Adviser to His Excellency the Governor in November 1943, to discuss the Cost of Living Index and dearness allowances and in particular the position whereby, though the Central Government gave publicity to the fall in the wholesale price index, the Bombay Cost of Living Index, and with it the dearness allowance payable to labour in Bombay, continued to rise.

CONTROL OF CAPITAL ISSUES.

On the 18th May 1943 the Government of India issued a new Defence of India Rule No. 94A in regard to the control of Capital Issues. Rule 94A as subsequently amended read as follows :—

" 94-A. *Control of Capital Issues.*—(1) For the purpose of this Rule—

(*a*) Securities shall include shares, stocks, bonds; debentures and debenture stocks, issued by or for the benefit of a company;

(*b*) a person shall be deemed to make an issue of capital who issues any securities whether in cash or otherwise.

(2) Subject to such exemptions as may be granted by order of the Central Government, no company, whether incorporated in British India or not, shall, except with the consent of the Central Government—

(*a*) make an issue of capital in British India;

(*b*) make in British India any public offer of securities for sale;

(*c*) renew or postpone the date of maturity or repayment of any security maturing for payment in British India.

(2A) The Central Government may qualify any consent accorded by it under sub-rule (2) with such conditions, whether for immediate or future fulfilment, as it may think fit to impose; and where a company acts in pursuance of such consent, it shall comply with the terms of any conditions so imposed.

(3) Subject to such exemptions as may be granted by order of the Central Government no company incorporated in British India shall, except with the consent of the Central Government, make an issue of capital anywhere.

(4) Subject to such exemptions as may be granted by order of the Central Government, no person shall issue in British India any prospectus or other document offering for subscription or publicly offering for sale any security which does not include a statement that the consent of the Central Government has been obtained to the issue or offer of the securities.

(4A) The Central Government may by order condone a contravention of sub-rule (2), sub-rule (3) or sub-rule (4), and on the making of such order the provisions of this rule shall have effect as if an exemption has been granted under sub-rule (2), sub-rule (3) or sub-rule (4), as the case may be, in favour of the thing done in contravention of such sub-rule.

(5) No person shall subscribe for any securities issued by a Company in respect of any issue of capital made in British India or elsewhere unless such issue has been made with the consent of the Central Government.

(5A) No person shall purchase or sell any securities issued by a company in respect of any issue of capital made after the 17th May 1943, in British India or elsewhere, unless such issue has been made with the consent of the Central Government, or unless the security concerned is one which, having before the 23rd June 1943 been the subject of a transaction which would have been prohibited if it had been effected on or after that date, is endorsed with a certificate by the Examiner of Capital Issues or an officer authorised by him in this behalf that it has on this ground been exempted by the Central Government from the operation of this sub-rule.

(6) If any person contravenes the provisions of this rule he shall be punishable with imprisonment for a term which may extend to 5 years or with fine or with both."

In December 1943 the Associated Chambers of Commerce of India informed the Chamber that it had been suggested that there was need for improving the machinery with regard to capital issues so as (*a*) to give commercial interests a clear indication of what was required in making applications for issue of new capital, (*b*) to expedite the procedure in considering such applications and (*c*) where applications were refused, to give an indication of reasons for refusing such applications so as to enable the company to put in a revised application for consideration of Government.

The Associated Chambers enquired what was the experience of this Chamber in the matter of applications under the Rule.

The Committee in reply stated that they had received no complaints from members against the existing machinery and procedure. The only comment that had been heard was to the effect that permission had been granted almost automatically and promptly.

CONTROL OF COTTON CLOTH AND YARN.

In an "Extraordinary" of the *Gazette of India*, dated 17th June 1943, the Department of Industries and Civil Supplies of the Government of India issued an Order called the Cotton Cloth and Yarn (Control) Order, 1943, the object of which was to authorise (*a*) the fixing of maximum prices at which cotton

cloth or yarn might be sold ; (*b*) the prescription of the markings to be placed on cotton cloth and yarn by manufacturers ; (*c*) the regulation of the quantity and class of cotton cloth and yarn which might be manufactured ; and (*d*) the declaration on a prescribed date of the stocks of cotton cloth and yarn.

On the 1st July 1943, the Textile Commissioner appointed under the Order, in a letter in the newspapers, stated that the Order applied not only to cloth and yarn manufactured in India but also to cloth and yarn imported into the country.

In addressing the Textile Commissioner on the subject, the Committee presumed that the Order, though intended to cover imported cloth and yarn, could only do so in relation to stocks held in India by merchants and dealers with a view to bringing such stocks on to the market. It would seem doubtful if many of the provisions of the Control Order could, in fact, be applied. Of these the following were mentioned :—

1. To make the British manufacturer declare his stocks and to deliver them in accordance with instructions of the Textile Board in Bombay.

2. To stipulate the marking of cloth and the prices at which it should be sold ex-factory in England.

3. To require that the cloth should be finally disposed of by retail sale within six months of the date of packing—by which time the imported goods might not, in fact, have arrived in India.

The Committee asked for a clarification of the position.

The Textile Commissioner in reply stated that the provisions of clause 14 (opening of full bales and selling of marked goods only) would apply to foreign cloth, that is to say, that the cloth must not remain in full bales after 31st August 1943 and should be disposed of by retail sales not later than 31st October 1943, subject always to the provisions for special exemption on application to the Textile Commissioner under sub-clause (2) of clause 14.

In so far as the provisions of clause 13 (the marking of goods by the manufacturers) were concerned, the Textile Commissioner stated that it was his intention to refer the matter to the Textile Control Board for their advice. Similarly he was seeking their advice on measures which it would be necessary to introduce for foreign cloth complementary to those taken under clause 10 of the Control Order, the fixing of maximum prices in respect of cloth and yarn manufactured in India.

The Committee were of opinion that the proper method of regulating the trade in cloth between the United Kingdom and India should be by negotiation between the two Governments

and they considered it highly undesirable that such regulation should be delegated to a semi-official local body such as the Textile Control Board. In addressing the Textile Commissioner to this effect the Committee requested that no reference should be made to this Board prior to consultation with the Central Government. The Committee added that they considered that the Control Order when drafted was not intended to apply to imported cloth and yarn and that in fact it did not as it stood, apply to them.

The Committee at the same time addressed the Government of India in the matter and suggested that it was not the original intention of Government to apply the Control Order to imported cloth at all, and claimed that the entire wording of the Order was evidence that there was no thought of imported cloth in the mind of the drafting authority. Section 4 of the Order read :—

"The Textile Control Board is to advise the Central Government, through the Textile Commissioner, generally on matters connected with the purposes of this Order (including matters connected with the export of cloth, yarn and raw cotton) and, in particular, in respect of the functions of the Textile Commissioner under clauses 10 and 11."

The fact that specific reference had been made to the export of cloth was significant, and had the question of imported cloth been in the minds of those drafting the Order, surely reference would have been made thereto.

Many of the provisions of the Order (Nos. 10, 11 and 12, for example) could not, in practice, be applied to foreign cloth, since the Government of India had no power to direct the operations of manufacturing concerns outside India. It was a fundamental principle of law that a legal enactment must be read as a whole, and if any sections of the Order did not apply to foreign manufactures, then without an amendment of the Order the remaining sections also could not be held to apply. Actually, the quantity of piecegoods either in stock or likely to be imported from the United Kingdom or any other country under present war-time conditions was so small as to be of little consequence.

The Committee informed Government that in a recent letter received by the Chamber from the Bombay Textile Commissioner, he had stated that in so far as the provisions of clause 13 of the Order were concerned, he proposed referring the matter to the Textile Control Board for their advice. He was similarly seeking the advice of this body on measures which it would be necessary to introduce for foreign cloth complementary to those taken under clause 10 of the Control Order in respect of cloth and yarn manufactured in India. The Committee felt very strongly that such regulation should not be delegated to a semi-official local

body, but that the proper method of regulating the trade in cloth and yarn between the United Kingdom and India was by negotiation between the two Governments.

They added that they had requested this official to delay making the suggested reference to the Textile Control Board pending consultation with the Central Government, and in the meanwhile they recommended that Government should make it clear that this Order did not apply to imported cloth and yarn.

The Textile Commissioner in reply pointed out that it was not his intention when referring to measures for foreign cloth under clause 10 complementary to those which might be decided upon for Indian-made cloth, to suggest that the Textile Control Board would be asked to recommend prices at which such goods should be imported, as that was a matter on which the Board would not be in possession of the necessary material facts. He, however, made it clear that in regard to such other measures as the Government of India, or its Textile Commissioner acting on the advice of the Board, might later introduce under the Control Order, and the specific provisions already laid down in the Order (as, for instance, the dates by which cloth had to be disposed of) must be complied with in full by holders of imported cloth and yarn. Failure to do so would be a contravention of the Order, and those concerned would be liable to the penalities for which the Order provided.

The Government of India in their reply stated that it had been their intention from the outset that the anti-hoarding provisions of the Control Order should apply to stocks of imported cloth no less than to stocks of cloth of indigenous manufacture.

The President and Vice-President took advantage of the visit to Bombay of Mr. M. S. A. Hydari, the Secretary of the Industries and Civil Supplies Department to discuss the question with him. Mr. Hydari admitted that some of the clauses in the Order could not, in practice, be applied to imported goods but, as regards the future, he held that the Government of India were free to pass any orders they saw fit as to particulars required to be marked on cotton goods imported into India. The sections of the Order which applied immediately to all imported goods at the moment in India were Nos. 14 to 16. Stocks must be declared as specified in the Order and no cloth or yarn must remain in full bales after the 31st August or remain unsold after the 31st October, unless exemption was granted by the Textile Commissioner. Mr. Hydari stated that Government would be unwilling to grant any general exemption and that each case would be dealt with on merit. For example, in the case of expensive imported cloths there was every possibility that a merchant would be exempted from the provisions of clause 14, provided

he *bona fide* made attempts to sell such cloths and that his stocks were moving month by month and not being hoarded. Another point mentioned by Mr. Hydari was that in no case in which merchants had genuinely attempted to conform with the provisions of the Order would their stocks be confiscated if unsold by the end of October. At the worst Government would buy over such stocks at a value to be fixed. Mr. Hydari indicated that it was proposed to issue further orders clarifying the position as regards the application of the other sections of the Cloth Control Order to cloths manufactured outside India.

In a Press Note issued by the Textile Commissioner on the 23rd September 1943, he pointed out that there was a provision in the Cotton Cloth and Yarn (Control) Order, 1943, for extension of time under clause 14 in cases where on application to the Textile Commissioner, he was satisfied that sufficient reason existed for such extension. These provisions applied both to Indian-made and imported goods, the Board having recommended and the Textile Commissioner having agreed that there should be no general exemption from the Order in the case of the latter.

It was, however, necessary in the case of imported goods to make a special provision to ensure that the purposes of the Order were fulfilled. The following special procedure was, therefore, laid down, viz. :—

Holders of imported piecegoods desiring an extension of time, under clause 14 of the Order should make an application to the Textile Commissioner through the officer whom the local Government had nominated for purposes of the Control Order. This application should contain undertakings that the applicant would submit regular monthly stock returns showing the stock at the beginning of the month, sales during the month and the stock at the end of the month, and that he would sell his goods at such fair prices as the Textile Commissioner, in consultation with the Chairman of the Textile Control Board, might fix.

All applications must contain details of stock, including quantities, marks on bales or cases, and the place of storage of the goods for which an extension was sought, and should be accompanied by samples.

Before making any application, the stockist must open up the bales or cases and expose his goods for sale. No application would be entertained in respect of unopened bales or cases.

Subsequently, the time limit for the retail sale of cloth and yarn manufactured before 1st August 1943 was extended to 31st December 1943, and the Cotton Cloth and Yarn (Control) Order was amended accordingly. Justifying this decision, the Government of India in a Press Note dated 25th October 1943

stated that in a Press Note issued on 7th October 1943 it was announced that stocks of cloth and yarn manufactured prior to the 1st of August had been found amounting to 2,700 million yards and 215 million lbs. respectively. These stocks were greatly in excess of the highest estimate framed by anyone qualified to speak on the subject. The Government of India had come to the conclusion that not only no useful purpose would be served by insisting upon so large a quantity of cloth representing eight months mill production being disposed of finally by retail sale in the three months 1st August to 31st October 1943, but that in doing so harm might be caused to the interests of the consumer. The reasons which existed before and which induced people so inclined to hoard cloth and yarn no longer obtained. Effective steps had been taken to increase the production of cloth, the prices of cloth had been definitely brought under control, and their movement would tend to be downwards and not upwards. The production and distribution of large quantities of standard cloth had already had a salutary effect on the general price levels of cloth, keeping these well below the ceiling fixed by Government; its continued production was calculated to have the further effect of increasing substantially the total output of cloth. Finally, experience had shown that people tended to prefer cloth which was stamped in accordance with the instructions of the Textile Commissioner, to unstamped cloth. In other words, there was every reason at the moment for a stockist of unstamped cloth to seek to dispose of it as early as possible. The main object of clause 14 of the Cotton Cloth and Yarn (Control) Order had thus already been served, and any further rigid insistence on the provision that all cloth and yarn manufactured before the 1st of August should be finally disposed of by retail sale not later than the 31st of October could only result in hardship and possible disappearance of unstamped stocks underground without any countervailing advantage.

With effect from 1st December 1943 a scheme was introduced under which all cotton textile goods manufactured by mills, weaving factories and/or processors had to be stamped with the ex-mill and retail prices, the latter being calculated by an addition of 20 per cent. above the ex-mill price.

Standard cloth, cloth and yarn required for defence purposes, fents under 5 yards, handkerchiefs and small ware goods such as towels provided they were less than 24" square, were exempted from price stamping. Everything else had to be stamped.

Mills and/or factories were at liberty to sell below the ex-mill or ex-factory ceiling price, in which case the price to be stamped would be the contract price and the retail price would be 20 per cent. above the contract price.

All ceiling prices covered the customary allowances such as commission, discounts, brokerage and *sahi* and no additional charges over and above the ceiling prices were allowed to be made.

For purposes of record the Cotton Cloth and Yarn (Control) Order, as amended, is printed in full in the Appendices.

COTTON CLOTH MOVEMENT CONTROL.

On the 23rd October 1943 the Government of India promulgated an Order the object of which was to prohibit the transport by rail of cotton cloth except under and in accordance with the terms of a general permit notified by the Central Government or a special permit issued by the Textile Commissioner and countersigned by the Regional Controller of Railway Priorities, Bombay. This prohibition did not apply to the transport by rail of cotton cloth not exceeding one and a half maunds in weight by a railway passenger as part of his luggage.

For the purpose of this Order India was divided into surplus areas and deficit zones, the surplus areas being (1) Bombay area, comprising the Province of Bombay, Western India States, Baroda State, Gujerat States, Kolhapur and the Deccan States, and (2) Delhi surplus area comprising the Province of Delhi. Under the general permit annexed to the Order it was laid down that cotton cloth might be transported by rail within any deficit zone, and from certain deficit zones to other deficit zones; also from the Bombay and Delhi surplus areas to certain deficit zones. No cotton cloth could be transported under this permit, (i) on the G. I. P. Railway in the direction of Bombay City between Bhusaval and Bombay City, or between Dhond and Bombay City, or between junctions on these sections of railway line with the B. B. & C. I. Railway and beyond; (ii) by the all-rail route from Bombay City to Karachi; (iii) from Bombay City to any station in Kathiawar or to any station on the metre-gauge section of the B. B. & C. I. Railway between Mehsana and Wadhwan (excluding Mehsana but including Wadhwan).

The Order and General Permit dealt with movement by rail but the Government of India in an explanatory leaflet pointed out that the railway situation made it imperative to divert cotton cloth, in common with other commodities to the sea routes whenever and wherever possible. To this end, the Regional Controllers of Railway Priorities had directed, and would continue to direct, that booking by rail between certain points must be stopped and movement from or between these points must take place by sea. With a view to ensuring, when such diversion to

the sea was inevitable in the interests of the country as a whole, that cotton cloth moved to the deficit zones in adequate quantities and at an all-in transport charge that did not exceed the margin allowed for between the mill price and the ultimate retail price, the Government of India decided, with effect from the 23rd of October 1943 for a period of three months, to cover war risk only as defined in the War Risks (Goods) Insurance Ordinance and the Rules framed thereunder, without charge while in transit on the sea, all consignments of cotton cloth affected providing that such consignments had been insured prior to despatch by sea against marine risk with a registered insurance company or underwriter at the cost of the consignor or consignee as the case might be. The Government of India's liability would, in such cases, be limited to a sum which, in no case, would exceed the sum insured under the marine policy. In respect of damage due to War Risks, compensation would be paid by Government in accordance with the War Risks (Goods) Insurance Ordinance. The Government of India would carry the war risk if the Textile Commissioner, Department of Industries and Civil Supplies, had received a duly authorised copy of the marine insurance policy or a certificate issued by a registered insurance company or underwriter before shipment. Shippers had to see that such a copy was despatched to the Textile Commissioner prior to shipment. If a case arose where loss due to war risk had occurred before receipt by the Textile Commissioner of the authorised copy of a marine insurance policy or certificate, the shipper had to prove that such a copy was despatched to Government before shipment occurred before any claim could be considered. Under no circumstances were Government prepared to consider a claim where the shipper, consignor or consignee had not effected at his own cost marine insurance with a registered insurance company prior to the despatch by sea of the consignment concerned.

For purposes of record the Cotton Cloth (Movement) Control Order is printed in full in the Appendices.

CONTROL OF IMPORTED ENGINEERING STORES.

On the 4th December 1943 the Department of Supply of the Government of India, in exercise of the powers conferred by sub-rule (2) of Rule 81 of the Defence of India Rules, published an Order for the control of the sale, transfer and/or disposal of imported engineering stores. The Order was published in Part I, Section I of the *Gazette of India* dated 11th December, 1943.

The Order was considered by the Committee in consultation with the Engineering (Imports) Sub-Committee and in addressing the Government of India on the subject they pointed out that in

paragraph 3(1) it was specifically stated that "no owner or consignee" should sell, transfer, or otherwise dispose of engineer stores except under a general or special licence. From this wording it would appear that the Order not only included importers but all dealers in the scheduled goods, as a dealer or consignee had the power to sell and was presumably an owner or agent to whom the goods had been consigned for sale. The Committee presumed that it was the intention of Government to control scheduled goods at the port of importation from which point they should not be sold or otherwise disposed of except under a general or special licence and that there was no intention of calling for returns from all petty bazaar dealers or owners. They suggested, therefore, that the Order needed clarification and an explanation should be published in the shortest possible time.

ADVISORY COMMITTEE OF ENGINEERING MANUFACTURING INTERESTS.

In May 1943 the Deputy Director-General of Munitions Production (Co-ordination Division) informed the Chamber that the Government of India proposed to set up an Advisory Committee consisting of the principal manufacturers and stockholders of engineering stores. The Deputy Director General pointed out that the importation into India from the United Kingdom of various kinds of articles listed in a schedule, which was attached to his letter, was regulated by Government with the assistance of an Advisory Panel of Importers from the United Kingdom and working panels dealing with each group or sub-group of articles. It had constantly been the endeavour of Government so to regulate imports as to provide for the full use of any article produced in India, not only because the Government of India were anxious to encourage Indian industry to the utmost but also because it was vitally necessary to conserve to the utmost the shipping space available from all sources. So far it had been the responsibility of the various officers of the Department of Supply concerned with the Indian production of the articles in question to ensure that nothing was imported which could be manufactured in India to necessary specifications and in sufficient quantities.

The Government of India proposed through the Advisory Committee which they intended to set up for the purpose to obtain the benefit of the direct advice of persons actively engaged in the manufacture of these items. It was therefore their intention to make the Committee as representative of manufacturing interests in India as possible. The functions of the proposed Advisory Committee were briefly as follows :—

(*a*) The Advisory Committee would sit in Calcutta once a quarter.

(*b*) It would be convened by the Deputy Director General (Co-ordination), who would be an ex-officio member, and at its first meeting would be invited to elect its own chairman. The Director of Licensing would act as secretary and ex-officio member. The officer or officers concerned with production in the Supply Department would also attend discussions on the articles for which they were responsible.

(*c*) Any general questions of policy could be raised by members to the secretary and with the agreement of the chairman, would be placed on the agenda for the next meeting.

(*d*) The quota of imports, which it was thought by the Government of India should be recommended to the Secretary of State for India for export from the United Kingdom over a stated period, would be referred by the Secretary of the Committee to those members of the Advisory Committee, concerned with the manufacture of the articles under consideration.

Members would be expected to comment as to the necessity for the imports in question related to their knowledge of India's manufacturing capacity for the particular articles. Their advice would be given every consideration by Government, which would advise the members and the chairman of the Committee the action taken on their advice.

The Chamber was requested to nominate suitable gentlemen who might be invited to be members of the proposed Advisory Committee.

The Committee in reply stated that after careful consideration it had been decided to put forward no names as members of the proposed Advisory Committee, since in the existing circumstances firms in Bombay could not make it convenient for representatives to attend quarterly meetings in Calcutta.

BOMBAY PORT COMMITTEE OF THE EXPORT ADVISORY COUNCIL.

At the instance of the Chamber the following points were put forward for discussion at the meeting of the Bombay Port Committee on the 2nd April 1943.

(1) *Requisitioning of Godowns.*—It was pointed out that exporters of seeds from Bombay to Empire countries were considerably hampered in their trade owing to the repeated requisitionings of their godown accommodation by the Military and Civil authorities, and it was suggested that the question should be taken up immediately in order—

(*a*) to obtain an assurance that further requisitioning would not take place of the godown accommodation of *bona fide* exporters, and

(*b*) to arrange with the Port Trust to allot suitable and adequate space and also that the Government of Bombay be requested to assist exporters in obtaining the necessary building materials, for erecting sheds.

(2) *Export Licences.*—It was suggested that where export licences were imposed or modified, adequate notice should be given to the trade. It was mentioned that there were very few cases, if any, where the immediate imposition of export restrictions could possibly make any appreciable difference.

(3) *Exports of Oilseeds to South Africa.*—It was claimed that freight space for oilseeds to South Africa was only allotted scantily, although such sales of oilseeds were covered by South African Government certificates of essentiality. On the other hand, it had been reported that recently steamer agents had allotted a certain amount of freight space to Durban in transit to Madagascar for cotton piecegoods and jute goods.

(4) *Cloth Quota.*—It was suggested that the total cloth quota or details of the quota allocated to each firm each month should be reported to the Chamber and the Millowners' Association. Also that exporters should be allowed more freely to make up a deficiency of "grey" or "non-grey" by substitution. At the moment an exporter was given 50 per cent. grey and 50 per cent. non-grey. If he had 75 per cent. and 25 per cent. to ship, he was only allowed 50 per cent. and 25 per cent. and the other 25 per cent. was either not shipped or given to some other firm.

When the questions came up for discussion the Chairman in regard to (1) expressed his doubt as to whether the Port Committee could influence either the Military or the Civil authorities and obtain from them an assurance that godowns owned by *bona fide* exporters would not be requisitioned for military or civil purposes, but after discussion it was agreed that the Government of India should be addressed in the matter.

As regards (2), the Chairman said that notices were issued from time to time regarding prohibitions and restrictions imposed on the export of various goods outside India. These notices were quite clear except in one respect, namely, that each of the articles covered by Part D and Part G of the Export Trade Control Schedule had its separate orders from Government regarding their export. These orders were not to be notified to the public but the Government of India had recently given instructions that when orders were issued by Government completely stopping the issue of licences for the export of any commodity on the controlled list, the Export Trade Controller should, as a general

rule, send an intimation to the Chambers of Commerce for the confidential information of their interested members. This procedure would not be followed in cases where public notices were issued by the Export Trade Controller.

In regard to (3), as the export of oilseeds was banned, the matter was dropped.

In connection with (4) it was decided that the Chambers of Commerce should discuss the matter among themselves and then if they considered it necessary they could raise the question again with the Export Advisory Committee. No further action was taken.

As regards the second part of the question that exporters should be allowed more freely to substitute grey or non-grey and *vice versa*, the Chairman explained that Government had decided that the export of non-grey should not exceed 50 per cent. of the total export and within that limit conversion was made freely wherever possible. For example, the people of Anglo-Egyptian Sudan or certain parts of Africa usually preferred to take more grey than non-grey. If conversion was made from non-grey to grey, conversion from grey to non-grey was possible to the same extent for territories where a greater demand for non-grey existed.

REQUISITIONING OF AIR-CONDITIONING SETS BY GOVERNMENT.

On the 22nd March 1943, the Department of Supply of the Government of India issued a notification directing that the powers of requisition conferred on it by sub-rule (1) of Rule 75A of the Defence of India Rules, should be exercisable also by the Controllers of Supplies within their respective circles in respect of air-conditioning units.

In view of complaints that had been received in regard to the requisitioning of privately owned air-conditioning sets carried out under the above-mentioned notification, the Government of India in a letter dated 14th April 1943 addressed to the Associated Chambers of Commerce of India explained that the sets were not required for the purpose of providing comfort to fit persons. They were required for use in the Indian and European wards of military hospitals in order to provide the best possible conditions for the treatment of surgical cases. A small number of them were also being used in first-aid rooms in places where experience had shown that the conditions under which the men worked exposed them to heat stroke.

Except for the care and treatment of the sick and wounded, the requisitioned sets were to be devoted to ensuring the efficiency of the greatly expanded R.A.F. and I.A.F. and of the anti-aircraft defences by protecting instruments, and delicate machinery and apparatus, from the combined effects of variations of temperature and humidity. Experience had shown that the provision of air-conditioning sets for these purposes was a necessary contribution to the efficiency of the defensive system and, if air-conditioning sets were not provided, that system might under certain conditions become partially ineffective.

The Government of India believed that, if the circumstances were known, those affected would more readily accept the consequences in the assurance that they were making a very real and essential contribution, not only to the rapid recovery of the sick and wounded, but also to the efficacy of the whole defensive system.

Government also stated that the intention was to requisition, in the first instance, and so far as possible, the sets which were in private residences and to leave sets in offices and industrial undertakings.

From letters received from members to whom extracts from the Government of India's letter were circulated, it appeared, however, that the experience in Bombay was unfortunately entirely contrary to the latter statement. Up to the middle of May 1943 some 50 private sets only had been requisitioned, whilst requisitioning orders had been or were being served on a large number of offices for the remaining sets, which were required from the Bombay area.

In addressing the Associated Chambers on this point, the Department of Supply stated that according to the Controller of Supplies, who decided individual applications in Bombay, the majority of owners considered that Bombay was not subject to the extreme heat of Delhi, or the oppressiveness of Calcutta, during the day and that the nights in Bombay were less bearable. They believed that it was possible to work without air conditioners during the day but not possible to obtain proper rest and sleep at night. In a number of cases they had themselves suggested the requisitioning of sets in offices in preference to residences. The Controller of Supplies had, therefore, in treating each individual case on its merits, been permitted to deviate from the general principle of requisitioning first from offices, and thus to meet the wishes of owners as far as possible.

The Committee suggested to the Associated Chambers that Government should be requested to inform the owners of requisitioned air-conditioning sets the site in which they were finally re-installed.

The Department of Supply pointed out, however, that while there might be no objection to the latter suggestion so far as hospitals were concerned, they could not make public the location of the R.A.F. or anti-aircraft stations to which machines had been sent.

In October 1943 the Controller of Supplies requested the Chamber to bring to the notice of members the fact that further air-conditioning units were most urgently required for hospitals and technical purposes, and added that if members who had units in their possession and were willing to surrender the same, they might communicate with the Regional Officer.

REQUISITIONING OF IMPORTED GOODS BY THE DEPARTMENT OF SUPPLY.

In April 1943 the Chamber drew the attention of the Deputy Controller of Supplies to complaints which had been received from members of this Chamber against the requisitioning by the Deputy Secretary to the Government of India, Department of Supply, Calcutta, of various goods on their arrival in India in spite of import licences having been granted in the first instance, by the Steel Controller, Calcutta, at the time of ordering the goods. The more recent complaints were in regard to iron and wood screws, circular saws and other cutting tools.

The original licence to import was granted in accordance with the quota allotted by Government for a particular quarter, presumably after consideration of the essentiality of the goods and other governing factors. In some cases only a fraction of the quantity applied for was granted and again the Home supplier might further reduce the quantities actually despatched owing to insufficiency of available stocks.

The Committee fully realised that all imports must be dependent on the shipping space available and equally that that shipping space was becoming more and more restricted, but they could not accept the fact that when licences had been granted for civilian needs, which was normally the purpose for which the application had been made, that the goods on arrival should be requisitioned as a matter of routine, as appeared to be the case at the moment. Furthermore, the major part of those goods which were licensed for civilian needs were in fact used by civilian firms engaged in war contracts.

The Committee added that it would appear only reasonable that the Supply Department having estimated its needs in advance should indent on the English manufacturer for its requirements, and if after these indents had been made no further

shipping space was available during the particular quarter, no licences should be granted to importers and thus a considerable amount of trouble and disappointment would be avoided.

The Controller of Supplies, Bombay Circle, informed the Chamber that he had since heard from the Government of India, to whom he had made a reference on the Chamber's complaint, that it was not the policy of Government to requisition imported goods without the fullest consideration, and such goods were only requisitioned if their diversion from the original purpose for which they were imported was considered essential to the war effort.

Goods imported for stock, however, were in a different position but even so Government preferred to come to standing arrangements with the importing firms as regards the manner in which the goods were to be disposed of and the terms on which they were to be taken over by Government if required, rather than to requisition them. As a matter of fact, a number of agreements had recently been concluded with importers of various categories of goods in short supply, and Government hoped shortly to come to an agreement with the importers of most of the goods which were in such short supply that would remove the need to requisition them from the stockists in India.

Imported goods, generally speaking, fell into two categories —those which had been imported for specific purposes and those which had been imported to meet demands as and when they arose. Goods, the import of which had been licensed by Government to meet specific demands, were not requisitioned, except when certain unforeseen demands of overriding urgency cropped up. Goods which had been imported for stock purposes, however, were requisitioned somewhat more freely, but in each case requisitioning was only resorted to in order to meet specific demands which were considered urgent. In view of the extreme shortage of all imported goods, it was not possible for Government to refrain from requisitioning consignments of goods which were urgently needed even though the purpose for which they might have been imported was an essential one.

REQUISITIONING BY GOVERNMENT OF BUSINESS AND RESIDENTIAL PREMISES.

Effect on Existing Leases.

(*See Report* 1942, *page* 36.)

It was recorded in the Chamber's Report for 1942 that this Chamber had supported certain recommendations of the Bengal Chamber in regard to the clarification of the position of landlord and tenant in cases of requisitioning of house and business property under Rule 75A of the Defence of India Rules.

In September 1942 the Associated Chambers of Commerce of India addressed the Department of Commerce of the Government of India in support of the Bengal Chamber's representation and expressed a hope that early steps would be taken to remove the existing uncertainty by action on the lines of the United Kingdom Landlord and Tenant (Requisitioned Land) Act, 1942.

In June 1943 the Defence Department of the Government of India informed the Bengal Chamber that it had been decided that the matter should be more appropriately dealt with by provincial legislation.

This Chamber therefore, in June 1943 addressed the Government of Bombay in the matter and expressed a hope that it would be possible for that Government to give it early consideration, bearing in mind that any legislation or rules should be sufficiently retrospective to cover the cases of premises already requisitioned.

Beyond a formal acknowledgment of receipt of the letter no communication had been received from the Government of Bombay up to the time of writing this Report.

RENTS FOR BUSINESS PREMISES.

(*See Report* 1942, *page* 38.)

It was recorded in the Chamber's Report for 1942, that in response to an enquiry from the Government of Bombay, the Committee had stated that they were in favour of the definition of "premises" in the Bombay Rent Restriction Order, 1942, being amended so as to include those occupied for business purposes.

In May 1943 the Committee again addressed the Government of Bombay in the matter and stated that they considered the amendment to be highly desirable as cases were coming to light where renewals of leases for business premises were only offered on much increased rents. The Committee expressed a hope that Government would take urgent action in the matter.

By an order issued under the Defence of India Rules on the 16th June 1943, the Government of Bombay extended the Rent Restriction Order, 1942, so as to include all buildings or parts of buildings let for any purpose other than storage of goods.

WAR RISKS (GOODS) INSURANCE.

Valuation of Goods for Insurance Purposes.

At a meeting of the Government of India War Risks Insurance Advisory Committee held on the 2nd February 1943, which was attended by Government representatives, the latter confirmed

that the value that should be taken into account for the purpose of war risks insurance should be the market value of the goods at the time of the application, i.e., the same value for which normal fire insurance was effected. In the event of the market value increasing materially during a quarter, supplementary policies must be effected for the amount by which the value had increased.

In May a member firm informed the Chamber that they had been advised by the Government Agent who transacted their Government of India War Risks Insurance business that instructions had been received from the Government of India War Risks Insurance Advisory Committee to the effect that it had been decided by Government that, in the case of sugar factories and other manufacturers who produced goods, the value of goods that should be taken into account for the purpose of war risks insurance should be the cost of production at the time of insurance, that was to say, in their case goods should be insured for the cost for which they could be produced by the assured at the time when they were insured. It was added that it had also been decided that excise duty payable on sugar stocked in a factory or with the permission of the authorities in authorised godowns outside a factory should not be included in the insurable value.

The Committee addressed the War Risks Insurance Advisory Committee in the matter, who subsequently intimated that the Government of India had stated that the latter were of opinion that the ruling previously given by them was not a departure from the principles hitherto followed in regard to the valuation of goods for insurance purposes, but merely a modification of the practice of including excise duty in calculating the insurable value of sugar.

The Government of India added that they had all along followed the principle in so far as the War Risks (Goods) Insurance Scheme was concerned, that profit should not enter into their calculations at all either from the angle of insurable value, or from the opposite angle of payment of compensation. For example, it had been laid down that in the case of a wholesaler the insurable value, and necessarily the compensation, was the price at which the goods could be obtained by the wholesaler while in the case of the retailer, it was the price at which the retailer could have obtained the property from the wholesaler, but in no case was it the price which either thew holesaler or retailer could charge the purchaser, as the latter price included the element of profit.

So long as it was made clear to the insured party that profits were not insurable and should not enter into the calculation of the compensation payable, the Government of India saw nothing wrong in equity if they refused to cover profits.

WAR RISK (GOODS) INSURANCE ORDINANCE.

Valuation of Bonded Goods.

(*See Report* 1942, *page* 33.)

It was recorded in the Chamber's Report for 1942 that in December of that year, intimation had been received from the Government of India, Department of Commerce, to the effect that the amount of duty due on bonded goods should be included in arriving at the value of the goods for purposes of war risks insurance. If after loss or damage by war risks the duties or any part thereof were actually remitted, the compensation payable under the policy would be reduced *pro tanto*.

In June 1943, however, the Chamber was informed by the Associated Chambers of Commerce of India that in supersession of their previous instructions the Government of India had decided that in calculating the insurable value of goods while in bond the amount of duty which would be paid on release from bond should be excluded. When the goods were, however, released from bond and duty paid, a supplementary policy must be taken out in respect of the goods to cover the amount of the duty.

WAR RISKS (GOODS AND FACTORIES) INSURANCE SCHEMES.

Question of Continuance.

In November 1943, in response to a request from the Associated Chambers of Commerce of India for the views of the Chamber on the attitude which should be adopted towards the renewal, continuation or otherwise of the War Risks (Goods) and War Risks (Factories) Insurance Schemes when their current term expired, the Committee stated that they considered that both schemes should be continued but there was every justification for a substantial reduction in the rates of premium which were much higher than circumstances and the very considerable accumulated fund warranted.

As regards the War Risks (Factories) Insurance Scheme, the Committee considered that a representation should be made to Government recommending the cessation of payment altogether of premia after March 1944. Insurance cover should be continued but the arrangement should be subject to revision in the event of serious losses occurring.

The Committee added that in the event of Government refusing to entertain this proposal, the rate of premium should be reduced to a nominal figure only.

At the annual meeting of the Associated Chambers of Commerce of India held at Calcutta on the 20th December 1943, the following resolution was moved by the Northern India Chamber :—

"In view of the substantial amounts standing to the credit of the War Risks (Factories) Insurance Fund and the War Risks (Goods) Insurance Fund and having regard to the all-round improvement in the war situation as a whole, the Associated Chambers recommend that the War Risks (Factories) Insurance Scheme be continued for a period of one year from the 1st April 1944, at a rate of premium not exceeding one-half of one per cent. per annum and that, with effect from the commencement of the next ensuing quarter, the rate of premium under the War Risks (Goods) Insurance Scheme be reduced to one-half anna per complete hundred rupees per month or part of a month."

WAR RISKS (GOODS) AND (FACTORIES) INSURANCE.

Rates of Premium.

In March 1943, the Chamber was asked by the Associated Chambers of Commerce of India for its views on a suggestion that action should be taken to obtain a reduction in the rates of premium payable under the War Risks Insurance Schemes.

In the case of the War Risks (Goods) Insurance Scheme, the President of the Associated Chambers arranged for the matter to be taken up in New Delhi and this elicited the statement that so long as the Japanese were still in occupation of Burma, Government could not entertain any proposal for a reduction in the existing rate of premium. The President added that if the constituent Chambers so desired, a further case would be submitted to the Government of India and requested that, in that event, Chambers might forward additional arguments in support of their case.

As regards the War Risks (Factories) Insurance Scheme, the President pointed out that the scheme had not been in operation for a full year and no official figures were yet available to show how the "Factories" Insurance Fund stood. Moreover, the current rate of premium, namely, 4 per cent., covered a period of two years to the end of March 1944. From the information he had been able to obtain, the President was inclined to think that in the case of the "Factories" Insurance Scheme, this latter consideration precluded any prospect of a reduction in the existing rate and that, before considering the submission of any official representations to the Government of India, it would be desirable at least to await the financial results of the full year's working of the scheme.

The Committee in reply stated that they fully supported the suggestion that a further case should be submitted to Government urging that the rates of premium payable under the War Risks (Goods) Insurance Scheme should be reduced from 3 annas to 2

annas per cent. per quarter. The lower rate was in force in March 1942, and the risk of any serious air raids appeared at the moment to be less than when the rate was increased to three annas per cent. on the 1st of April 1942. The Committee noted that the accumulated funds as at 30th September 1942 amounted to approximately Rs. 4 crores and they asked for information as to the amount of premium received up to date and also the extent of any claims that had been met by Government on this account.

The Committee did not consider that there was any need at the moment to alter the rate of premium under the War Risks (Factories) Insurance Scheme and they agreed with the view of the President that the financial results of the first full year's working of the scheme should be awaited, since the current rate of premium of 4 per cent. covered a period of two years to the end of March 1944. Here again the Committee requested that early information might be given as to the amount of premium received to date and payments made from the fund.

The Associated Chambers addressed the Government of India somewhat on the above lines and urged that a reduction of the current rate of premium in respect of the War Risks (Goods) Insurance was justified and that the reduction should take effect from the commencement of the next quarter.

On the 17th June 1943, the Government of India notified that the premium payable under any policy issued under the War Risks (Goods) Insurance Ordinance, 1940, during the quarter beginning 1st July 1943, would be reduced to two annas and six pies per month or part of a month for each complete sum of one hundred rupees. For the quarter beginning 1st October 1943 the rate was further reduced to two annas.

WAR RISKS (GOODS) AND (FACTORIES) INSURANCE ORDINANCES.

Stores and Machinery Spare Parts not for Sale.

(*See Reports* 1942, *page* 25.)

In February 1943 the Associated Chambers of Commerce of India forwarded to the Chamber copies of further correspondence that had taken place between the Government of India and the Association in connection with the insurance under the War Risks (Factories) Insurance Ordinance of mill stores and spare parts of machinery and plant. Spare parts had already been included under the definition of plant and machinery and the Government of India proposed to include mill stores and stocks of articles used for construction or completion of factories by

amending section (2) (*i*) of the War Risks (Factories) Insurance Ordinance as follows :—After " all plant and machinery in the factory " add " all materials in the factory for use as motive power for, or for maintenance of, the factory's plant and machinery, or in the construction of the factory or any part of the factory, all packing materials in the factory." The Government were not prepared to include within the War Risks (Goods) Insurance Scheme goods intended not for sale.

The Associated Chambers suggested, however, that the proposed amendment of clause (*i*) of section 2 of the War Risks (Factories) Insurance Ordinance might suitably take the form of the insertion of the following after the words " all plant and machinery in the factory."

" all materials in the factory for use as, *or for the*

(1) *production, supply or* (2) *transmission of,* motive power for, or for the maintenance of, the factory's (3) *production,* plant and machinery, or in the construction, (4) *reconstruction or maintenance* of the factory or any part of the factory, *all packing materials in the factory.*"

The reasons for the additional words marked numerically above were :—

Note (1)—The inclusion of the words " production, supply " was intended to make it clear that stocks of coal, not for sale, but for the production of motive power would be insurable under the Factories Ordinance.

Note (2)—The word " transmission " would cover belting, which was not properly for use " *as* motive force " but for transmitting motive force.

Note (3)—The words " materials . . . for the maintenance of the factory's plant and machinery " satisfactorily covered such items as lubricating oils. There was, however, a certain amount of doubt as to whether, in terms of the Government of India's definition of " plant," cover was already afforded to some items of essential mill stores which, though not " consumable," were nevertheless not entirely " permanent " in as much as they required repetitive replacement, for example, filter cloth used in sugar manufacture ; plaiding cloth, used in the textile starching process ; bandings (consisting of cotton driving tape) ; picking bands and straps ; filleting combs ; and even pickers, bobbins and the like. These and similar items, which were on the border line of the requirement of " permanency," were essential stores for the maintenance of the factory's " production " as distinct from the maintenance of the factory's " plant and machinery." It was for this reason that the insertion of the word " production " was suggested at Note (3).

Note (4)—The inclusion of the words " reconstruction or maintenance " was recommended to cover stores, corresponding to those required for " construction " purposes, but in fact used for " reconstruction " or " maintenance," e.g., replacement of worn girders, beams and general repairs to factory buildings.

The majority of the amendments suggested by the Associated Chambers were accepted by the Government of India and an Ordinance No. IX of 1943 embodying these and other amendments was published on the 27th January 1943. In view of the fact that the Ordinance as amended presented difficulties in application to certain classes of mill stores, the Associated Chambers on the 19th February 1943 telegraphed to the Government

of India urging that the time allowed for taking out supplementary policies covering mill stores be extended suitably for the following reasons: (1) the interpretation of clause (i) of section 2 of the 1942 Ordinance as amended presented difficulties in application to certain classes of mill stores regarding which clarification was sought, (2) even after clarification had been obtained time would be necessary to ascertain the insurable value of fluctuating stocks of insurable mill stores of great diversity, (3) the delay in obtaining the necessary forms. The Association also enquired whether property insurable included consumable items of mill stores previously mentioned, such as filter cloth, bobbins, pickers, shuttles, electric lamps, card pins, etc., without which "maintenance of plant and machinery" but not "maintenance of factory's production" was possible.

The Government of India replied that they had no objection to insurance being effected by the 31st March 1943 but not later and added that the items of mill stores mentioned were insurable.

WAR RISKS (FACTORIES) INSURANCE.

Transfer of Property from one Factory to another.

In March 1943 intimation was received from the Associated Chambers of Commerce of India that the Government of India had been addressed in regard to an anomaly which arose under the War Risks (Factories) Insurance Scheme and which it was hoped the Government of India would see fit to remedy.

Under the "Factories" scheme the rate of premium was fixed for the two years ending the 31st March 1944 and the premium was payable quarterly on the "insurable value" of the "property insurable under this Ordinance" including machinery and plant. It had been ruled by the Government of India under the scheme, firstly, that "policies cannot be transferred to cover property (whether that originally insured or otherwise) in a situation other than that appearing in the policy"; and, secondly, that where the insurable value of the property covered by a policy was reduced, no refund of premium could be obtained during the currency of the policy. These rulings jointly gave rise to hardship where it was necessary to move machinery and plant to a situation other than that specified in the policy obtained in the original instance. The premium payable under the latter policy, covering the factory in which the transferred machinery and plant were originally situated remained unchanged and the owner of the transferred machinery and plant was under the necessity of taking out a supplementary policy to the extent of the insurable value of the machinery and plant in its new location. This meant that premium was being paid twice on the

same insurable property which it was submitted was neither reasonable nor intended. The Association urged that if the above interpretation of the scheme and the Government rulings under it were correct, steps should be taken to remedy the anomaly involved.

The Government of India in reply stated that they had decided that where as a result of some *bona fide* transaction or by operation of law, any property forming part of an insured factory ceased to be any more used for the purposes of that factory and thereby ceased to be insurable in relation to that factory, rectification of the policy would be allowed with effect from the beginning of the quarter next following that in which the property ceased to be insurable so as to exclude its value, with consequent adjustment in subsequent instalments of premium.

If any plant and machinery appertaining to an insured factory were transferred to another such factory they would form additions to the latter factory and a supplementary policy should be taken out in respect of the transferred plant and machinery in relation to that factory before the end of the quarter in which the transfer took place. The premium payable under such supplementary policy would not be the full 4 per cent. of the insurable value of the property but would be governed by Commerce Department Notification No. 15-W.R.I. (F)/42, dated the 29th May 1942 as subsequently amended, which laid down the rate of premium payable for each quarterly period during which the property became insurable under the Ordinance after the 29th May 1942 to the 31st March 1944, and the number of the instalments in which the premium was payable. As regards the factory from which the transfer took place the policy would, as explained in the preceding paragraph, be rectified from the beginning of the quarter next following that in which the transfer was effected.

WAR RISKS (FACTORIES) INSURANCE.

Tramways.

Under the War Risks (Factories) Insurance Scheme, tramway concerns came within the scheme only to the extent to which they were "factories" for the purposes of the Factories Act, 1934. In May 1942 the Associated Chambers recommended to Government that provision should be made to extend cover to tramway systems including rolling stock, but as the Government of India took no action on these lines and in the absence of any further expressed desire on the part of the various tramway undertakings in India for the re-agitation of this issue, the matter was not actively pursued. It was, however, reopened by the Karachi Chamber in March 1943, who suggested to the Associated

Chambers that in the event of tramway undertakings becoming insurable, tramway track in that vicinity should be excluded from compulsory insurance under the scheme, as in their view the risk of serious damage by enemy action was negligible. The Associated Chambers were of the opinion that the Government of India might not accept this view; indeed, the contrary might prove to be the case, as railway lines, overhead cables, etc., within the precincts of a factory were at present compulsorily insurable under the scheme.

Constituent Chambers concerned were asked to express their views on the further action, if any, the Associated Chambers should take.

The Committee informed the Associated Chambers that they considered that tramway undertakings should not come within the scope of the War Risks (Factories) Insurance Ordinance and Rules except to the extent to which they actually were factories.

The Chamber was subsequently informed that as the views of the affected Chambers were divergent and as there was a majority of opinion in favour of no further action being taken, the President did not intend to pursue the matter.

WAR RISKS (FACTORIES) INSURANCE ORDINANCE.

Extension to Inland Vessels.

On the 16th July 1943 the Governor-General promulgated an Ordinance enabling the Central Government to extend the War Risks (Factories) Insurance Ordinance for the provision of cover for mechanically propelled vessels and flats towed by such vessels. The scheme applied only to such of these vessels and flats as were valued at more than Rs. 1,000 and which ordinarily plied in inland waters. Vessels included their outfit, machinery, fuel and provisions for the crew. The insurance period was fixed up to 31st March 1944 and the rate of premium was three per cent. of the insurable value of the assets.

WAR RISKS (FACTORIES) INSURANCE ORDINANCE

Application to Commercial Buildings.

(*See Report* 1942, *page* 21.)

It was recorded in the Report for 1942 that the Chamber had suggested to the Government of Bombay that the scheme of war risk insurance might be made applicable to commercial buildings.

In November 1943 the Government of Bombay intimated that it had been decided not to proceed with the proposal for the present.

WAR INJURIES (COMPENSATION INSURANCE) ACT.

(*See Report* 1942, *page* 156).

On the 11th March 1943 a Bill was introduced in the Legislative Assembly the object of which was to impose on employers a liability to pay compensation to workmen sustaining war injuries and to provide for the insurance of employers against such liability.

The War Injuries Ordinance, 1941, empowered the Central Government to make a scheme providing for the grant of relief in respect of war injuries. It also provided that no compensation should be payable under the Workmen's Compensation Act in respect of a war injury. Workmen under that Act were only entitled to receive relief from Government under the War Injuries Scheme.

In more highly industrialised countries where variations in the industrial wage scale were not so large as in India, payments under the Personal Injuries Scheme were, in respect of labour, both relief and compensation. In India the amount of relief under the War Injuries Scheme did not at the moment give higher paid labour adequate compensation. It was felt that it was impossible for Government themselves either to increase generally the scale of relief under the War Injuries Scheme or to undertake a liability to pay further compensation to a particular class of employees from Government funds. It was considered reasonable, however, that obligation should be put on certain employers. There was also probably more danger to employees in factories and other industrial concerns (which might be a target for enemy attack) than there was elsewhere.

The Bill imposed on employers of essential services, of factory and mine labour, in major ports, and other employments to be specified, an obligation to pay compensation in respect of war injury to their workmen, calculated to amount to the difference between the amount paid by Government under the War Injuries Scheme and the amount which would have been payable under the Workmen's Compensation Act if the war injury had given a right to compensation thereunder. This would mean additional payments in respect of labour drawing roughly over Rs. 24 a month.

It was stated that many employers were prepared to undertake the extra liability but the liability might prove either an embarrassment or an impossibility in the case of a factory which might be seriously damaged by enemy action, unless insurance could be taken out to cover the risk. It was understood that few insurance companies were prepared to cover such risks although in a few cases insurance in this matter had been effected.

The Bill therefore provided for compulsory insurance with the Central Government, of the liability referred to above, by employers throughout British India.

A provision had also been made to extend the scheme of insurance to employers in States provided that provisions substantially corresponding to the provisions of this Bill were made in that State.

The Bill followed closely the War Risks (Goods) Insurance Ordinance and the War Risks (Factories) Insurance Ordinance.

In reply to a request by Mr. E. L. C. Gwilt, M.L.A., for their views on the Bill, the Committee stated that the question of additional compensation to labour in the event of war injuries was one of the subjects included in a letter sent to the Chamber by the Government of Bombay in August 1942, and the introduction of a subsidiary insurance scheme to provide additional compensation to labour to that already granted, was generally approved, but a suggestion was made that Government should be requested to pay for this scheme rather than the employer. The Committee were definitely of the opinion that the cost of compensation for injuries arising directly from hostile attack should essentially be for the account of Government.

The Committee added that the following points in the Bill required clarification :—

The definition of " workmen " appeared to include clerical staff of the employers. If this was intended, it should be so defined in the Bill.

War allowances which were, or should be, of temporary war-time operation should not be included with wages in the assessment of compensation and they should be specifically excluded.

Finally, the Committee considered that the Bill should be circulated for opinion before it was introduced into the House. It required a great deal of study, and it was probable that many difficulties would become apparent after more detailed examination than was possible in the short time available.

Furthermore, there seemed no need to push the Bill through at the last minute and it could be adduced that Government's anxiety to do so was for revenue purposes rather than anything else.

The Bill was referred to a Select Committee on the 31st March 1943 and their report was presented to the Legislative Assembly on 26th July 1943. The Bill was passed by both Houses and received the assent of the Governor General on 2nd September 1943 (Act XXIII of 1943). It came into force on the 16th November 1943.

While the Bill was under consideration by the Select Committee a draft War Injuries (Compensation) Insurance Scheme was prepared in pursuance of sub-section (1) of section 6 of the Act and referred, presumably among others, to the Employers' Federation of India. This Chamber was not consulted but a copy of the scheme was received from the Employers' Federation and examined by the Labour Sub-Committee and General Committee who, however, decided to submit no comments thereon.

The scheme in its final form together with the rules under the Act, were published in Part I, Section I of the *Gazette of India* dated 18th December 1943.

AGREEMENT FOR UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION.

In November 1943 the Chamber received from the Associated Chambers of Commerce of India a copy of the United Nations Relief and Rehabilitation Administration Agreement under which it was determined that immediately upon the liberation of any area by the armed forces of the United Nations, or as a consequence of retreat of the enemy, the population thereof should receive aid and relief from their sufferings, food, clothing and shelter, aid in the prevention of pestilence and in the recovery of the health of the people and that preparation and arrangements should be made for the return of prisoners and exiles to their homes, and for assistance in the resumption of urgently needed agricultural and industrial production and the restoration of essential services. For purposes of record a copy of the Agreement is printed in full in the Appendices.

POST-WAR REQUIREMENTS OF CAPITAL GOODS (MACHINERY).

In October 1943 the Government of India, Department of Industries and Supplies, forwarded to the Chamber a copy of a letter together with a list of the industrial associations and individual firms to whom it had been addressed, regarding industry's requirements of capital goods from overseas during the period immediately succeeding the cessation of hostilities. The Government of India pointed out that war conditions had necessarily placed an abnormal strain on factory machinery, etc., and industry and firms had doubtless already taken such steps as were open to them to arrange for their requirements. The Government of India stated that they had no desire to interfere in any way with such arrangements, but they understood that orders from all over the world were already being placed on the

chief manufacturing countries who were likely to be in a position to make deliveries after the war, namely, the United Kingdom, and the United States of America and it appeared inevitable that the production of capital goods would be insufficient to meet all demands. It would in all probability be necessary for the exporting countries to ration their overseas customers and to supply priority ratings to them. In order, therefore, to enable the Government of India to assist industry by securing priority for its requirements, it was a matter of urgency that Government should be aware of those requirements. It was, therefore, requested that the industries and firms addressed, should communicate, without delay, their requirements of capital goods for delivery during a period of, say, two years after the end of the war for (*a*) replacement of worn-out machinery and (*b*) normal development of the industry.

The Government of India requested the Chamber to submit the names of additional individual associations and firms to whom the above letter might be addressed. This was accordingly done.

REGISTER OF SCIENTISTS AND SCIENTIFIC RESOURCES IN INDIA.

In a letter addressed to the Associated Chambers of Commerce of India in October 1943 by the Master General of the Ordnance in India, it was stated that the development of the war in South East Asia and the Far East was likely to create new scientific and technical problems for the speedy solution of which provision must be made. It was desired to collect and record on the widest possible basis, the names of individual scientific and technological specialists in India together with the subjects in which they specialised, so that problems as they arose might be referred without delay to those persons who were best qualified to solve them.

Independently of the above, it was further desired to collect a record of specialised research instruments and apparatus in India so that problems might where necessary, be referred to those persons or institutions who were best equipped to examine them.

The decision whether a piece of apparatus should or should not be recorded must be left to the discretion of persons making the return but apparatus which was known or thought to be unique in India should be included, as should apparatus which was peculiar to a particular branch of pure or applied research.

It was proposed that the information received in response to this request should be classified and filed in the Office of the Scientific Adviser to the Master General of the Ordnance in India,

and would be available on request to any Department of Government or individual who might require it.

All members were duly circularised on the subject and the information supplied was forwarded to the Supply Development Committee at General Headquarters, New Delhi.

DAYLIGHT SAVING IN INDIA.

(*See Reports* 1941, *page* 45; 1942, *page* 102.)

As the Committee understood that the Government of India had under consideration the question of whether or not the new Indian Standard Time, introduced in September 1942, should be changed, they requested the Bengal Chamber in March 1943, to give them their views on the subject. The Committee pointed out that, on this side of India, it had little advantage and during the winter months was a definite hardship to labour and certain clerical staffs who had to commence work almost in the dark.

The Bengal Chamber in reply forwarded a copy of that Chamber's letter to the Home Department of the Government of India dated June 1942, setting out its arguments in favour of the revised Indiar Standard Time, and added that while some of those arguments applied in less degree in respect of the summer months, April to August, there was nevertheless a strong case from the point of view of the still threatened North Eastern Provinces for the retention of the revised Indian Standard Time, particularly in the industrial areas. On these grounds and because of the difficulties arising from periodical changes in the clock, the view of commercial and industrial interests in Calcutta was that there should be no reversion to the former Indian Standard Time even during the summer months.

In the meantime the Government of India issued the following Press Note, dated 4th April 1943, intimating that it had been decided that the existing Indian Standard time should remain unchanged for the duration of the war. In view of this the Committee decided to take no further action :—

In July last year the Government of India decided that with effect from September 1, 1942, the Indian Standard time throughout India should be 6½, instead of 5½ hours ahead of Greenwich meantime. The position has now been re-examined with a view to deciding whether any change in the existing Indian standard time should be made during the summer months.

The continuance of the existing standard time will contribute to the avoidance of overlap of factory demands for electric power with the demands of street lighting, and thus to the release of more power for war purposes. It will also result in a not inconsiderable saving of railway wagons required for transport of coal consumed by electric power stations. Moreover, there are practical advantages in avoiding the dislocation inseparable from periodical changes.

The Government of India recognise that the present Indian standard time involves inconvenience to the areas lying west of the meridian 82½ degrees east, but they consider that if suitable adjustments of business, court and office hours are made, this inconvenience can be considerably reduced. They have accordingly decided that the existing Indian standard time 5½ hours ahead of Greenwich meantime should remain unchanged for the duration of the war.

POST-WAR PASSAGES TO THE UNITED KINGDOM.

(*See Reports* 1919, *pages* 122, 648; 1920, *Volume I, page* 156; *Volume II, page* 614.)

In June 1943, the Central Administration of the European Association requested the Defence Department of the Government of India to consult European opinion before taking any definite steps regarding the granting of priorities for post-war passages. The Defence Department asked the Association to communicate its views on the question in advance and the Bombay Branch of the Association in turn sought the views of the Chamber on the subject.

A joint meeting of representatives of the Chamber, the European Association, Bombay Branch and the Bombay Presidency Trades Association was held on the 2nd August 1943 and in addressing the European Association subsequently in the matter the Committee stated that they did not approve of a proposal to create a number of different categories, distinguished by age, sex, health, period of residence, etc. These appeared unnecessarily complicated and liable to abuse, particularly in respect of medical certificates. More important, however, was the fact that such categories appeared to invite the super-imposition of a number of Government categories, possibly taking priority over all civilians. The danger of this was emphasised by the existing list of war-time priorities, and by the difficulties experienced after the last war.

The Committee felt that the urgent need was a system which should be (*a*) simple and universal; (*b*) applicable to both Government and civilian requirements; and (*c*) so obviously equitable that Government interests would find it difficult to reject it.

The Committee put forward certain suggestions in regard to the manner in which, in their opinion, priority lists should be compiled and emphasised the desirability of every effort being made to repatriate before the end of the war individuals who had retired from business and others who had no longer good reason to remain in India.

In September 1943 members were requested to notify the Chamber of the number of their staffs and dependents who were expected to require passages to the United Kingdom during the first six months after the conclusion of hostilities.

131 replies were received up to the 16th November 1943 and 1,104 passages were required. In addition to this the following information was obtained :—

Passages required after first 9 months	62
Passages required after first 12 months	155
Passages required for Mediterranean Ports within the first six months	81
Passages required within the first six months registered with other areas	101

The above particulars were passed on to the Associated Chambers of Commerce of India and the European Association, Bombay Branch.

ENEMY SHIPS AT MARMAGAO.

(*See Reports* 1939, *page* 36 ; 1940, *page* 33 ; 1941, *page* 29.)

In April 1943 the Commerce Department of the Government of India in a Press *communique* intimated that the German ships, " Brauenfels," " Drachenfels," and " Uhrenfels," and the Italian ship " Anfora " which were sheltering at Marmagao, were scuttled there on the 9th March 1943.

Later the Government of India, in replying to a communication from the Southern India Chamber of Commerce on the question of claims against cargo held on these vessels, stated that as regards goods which had been either destroyed or whose delivery had become physically impossible they had considered the Chamber's suggestion that banks or the Custodian of Enemy Property in India should turn to the insurance companies concerned for the satisfaction of claims under the respective policies. Government thought it impracticable for the Custodian to recover claims from insurance companies, as a good number of companies concerned were incorporated in enemy territories.

With regard to the renewal of unpaid bills of enemy origin, Government pointed out that it was only meant to avoid lapsing of the relative bills by limitation. If, however, the debtors considered that they were not liable to pay the bills, it was open to them to enter in the revival letters such caveat as they desired regarding their non-liability or the liability of the insurance companies concerned.

FINANCE.

BANKING LEGISLATION.

(*See Reports* 1929, *Volume I, page* 60 ; 1930, *Volume I, page* 17 ; 1940, *page* 47 ; 1941, *page* 48.)

In March 1943 the Government of India requested the views of the Chamber on a letter from the Reserve Bank of India suggesting certain amendments to section 277-I of the Indian Companies Act, 1913, to make it obligatory on every banking company to issue only ordinary shares provided that the capital structure was such as to allow of voting rights in proportion to the capital contributed by each class of share and requiring that the subscribed capital should not be less than half of the authorised capital and the paid-up capital not less than half of the subscribed capital.

The Committee supported the views and recommendations of the Reserve Bank of India, but in conveying their formal support they stated that they assumed that the proposal would affect only new banks organised since the outbreak of the war and that none of the established Exchange Banks whose capital structure might not fulfil the desired conditions, would be affected.

For purposes of record the letter from the Reserve Bank to the Government of India is reproduced in the Appendices.

GOVERNMENT OF INDIA BUDGET PROPOSALS.

In response to a request from the European Group in the Central Legislature for their views on the Government of India Budget proposals for 1943-44, the Committee telegraphed that the proposals had their full support except that they queried the advisability of taxing, " vanaspati " an important article in the poor man's diet. Further, in the Committee's view no budgetary measures would serve to check inflation without effective means of price control. The Committee also approved the proposed treatment of sterling balances.

PUBLIC DEBT OF THE CENTRAL GOVERNMENT.

MANAGEMENT BY THE RESERVE BANK OF INDIA.

The great bulk of Government obligations in India had till very recently been expressed in the form of promissory notes which passed from hand to hand by endorsement and delivery. Stock certificates, i.e., certificates which were not negotiable themselves but merely recorded title, the actual transfers requiring registration in the books of the Public Debt Office,

were of comparatively recent introduction. Not unnaturally, therefore, the law of Government securities in India started as an appendage to the law of Negotiable Instruments, modifying it where necessary to meet the peculiar circumstances of Government promissory notes such as (1) their validity for a period much longer than that of the ordinary negotiable instrument of commerce and the concomitant necessity of issuing separate instruments to replace the originals for the record of interest payments, and (2) their being held more widely than ordinary negotiable commercial instruments by various classes of investors in addition to the financial and business community. The fact that Government loans were almost entirely in the form of promissory notes meant that the special modifications of the law, effected from time to time to meet practical difficulties, only related to Government obligations held in this form, with the result that when the previous legislation was revised in the Act of 1920, a clear distinction was not always drawn between those parts of the law which ought to relate to Government securities as a whole and those which merely related to promissory notes. A striking instance of this was provided by section 13 providing for the summary provisional settlement of disputes, which was confined only to promissory notes. Although logically imperfect, this position did not in the past lead to any practical difficulties as the holders of Government loans in the form of stock certificates were comparatively few. As a result of war conditions, however, and the efforts of the Reserve Bank as agents of Government in the management of public debt to popularise stock certificates in the interest of safety and administrative convenience the proportion of Government loans held in the form of stock certificates or in special subsidiary ledger accounts, which the Bank had undertaken to maintain for large institutional holders, had substantially increased, and the time appeared to be opportune for recasting the provisions of the Indian Securities Act, 1920, so as to provide more satisfactorily for the management of Central public debt.

Apart from the fact that section 13 of the 1920 Act failed to provide for the summary provisional settlement of disputes regarding Government loans held otherwise than as promissory notes, the machinery which it provided was in itself incomplete and there had been numerous cases where on account of a disputant contenting himself with the mere issue of a notice of dispute to the Public Debt Office and abstaining from prosecuting his claim in a court of law, or on account of vague stop orders emanating from Courts, the periodical payment of interest had been held up for unconscionably long periods, much to the annoyance and prejudice of the actual holder. There had also been numerous instances in which, where the matter had been taken to Court, Government and the Reserve Bank had been made parties to

what was essentially a dispute between two private parties in the decision of which Government or the Bank had no interest. It was, therefore, considered desirable to recast this part of the law so as to provide for a summary adjudication by the Reserve Bank of disputes as to the title to be the holder of a security, with a necessary safeguard by way of a guarantee of indemnity to ensure that the interests of the party who might ultimately succeed in establishing in a court of law his right to hold the security were not prejudiced.

The legislative competence of the Central Legislature extended, however, only to legislation affecting public debt of the Central Government, while the public debt of a Province was subject to legislation in the Provincial Legislature only. The Act of 1920, which regulated public debt of both kinds, was amenable to amendment by the Central Legislature only in so far as it dealt with public debt of the Central Government. The Government of India therefore introduced a Bill in the Legislative Assembly on the 25th August 1943, which as a separate Act would be applicable only to securities of the Central Government and reproduced the provisions of the 1920 Act with amendments designed to remedy the defects already referred to, and with certain other amendments the necessity or desirability of which was suggested by experience in the administration of the Act during the last two decades. In this reproduction of the provisions of the 1920 Act those provisions had been rearranged so as to group together sections dealing with the incidents common to the different forms in which loans of the Central Government were held, and relegated to separate sections the incidents peculiar to negotiable instruments.

The Bill was referred by the Government of Bombay to the Chamber for opinion.

The Committee stated that in general terms it received their support but they made the following comments :—

In so far as the Central Government could not legislate for the Provinces in regard to Provincial debts, the Committee considered it essential that Provincial Governments should be required to enact similar legislation at a very early date.

Section 9 set out the summary procedure to be adopted on the death of a holder of Government securities not exceeding Rs. 5,000 face value and a limiting period of six months was proposed. Similarly, under section 12 a limit of six months was laid down, after which a bank might make an order vesting the ownership of a security and the interest thereon. The Committee considered that in both these cases this period was unnecessarily short and recommended that it should be increased to twelve months.

Section 24 dealing with the period of limitation of the Central Government's liability in respect of Government securities was not acceptable, since this liability to repay the principal and unclaimed interest ceased after six years beyond the due date of repayment. The Committee appreciated that although Government's liability in respect of any security might be legally terminated, there was little likelihood that it would not be honoured. They considered, however, that this period of six years was too short and should be increased to ten years.

LAW AND LEGISLATION

VISIT TO THE CHAMBER OF SIR JOHN SHEEHY.

(*See Reports* 1939, *page* 11 ; 1940, *page* 12 ; 1941, *page* 7 ; 1942, *page* 57.)

SIR JOHN SHEEHY, C.I.E., I.C.S., Member, Central Board of Revenue, accompanied by MR. C. W. AYERS, C.I.E., Excess Profits Tax Adviser to the Government of India, and MR. J. B. SHEARER, I.C.S., Commissioner of Income-tax, Bombay, visited the Chamber on Friday, 20th August 1943, and discussed the following points with the General Committee and the Income-tax Sub-Committee.

1. *Professional Fees in connection with Appeals to the Appellate Assistant Commissioner and the Appellate Tribunal.*— The Committee pointed out that at present, in accordance with Clause F on page 283 of the Income-tax Manual, professional fees in connection with these Appeals were not allowed. It was submitted that the costs of a successful appeal should be allowed, particularly, as when the assessee was successful in a reference to the High Court, the Court might order Government to pay the whole cost and not merely the tax thereon. If the appeal was decided against the Department, it was unfair that the assessee should be penalised through what was normally a declared error of the Department.

Sir John Sheehy stated that at the moment the Department allowed expenses up to the time of the assessment and in respect of successful appeals to the Assistant Commissioner or to the Appellate Tribunal against the application of section 23A. He was unable to recommend the extension requested, as in his opinion this expense was not incurred in earning profits and was not allowed in the United Kingdom. Further, it was incorrect that, as some persons had stated, the Central Board was allowing the cost of appeals up to the Tribunal.

2. *Annual Returns—Inclusion of employees drawing Rs.* 1,200 *and over.*—The Committee suggested that the figure of Rs. 1,200 be increased to Rs. 1,400.

Sir John Sheehy pointed out that the rule will in any case not be operative until the 1944 annual returns are due and the suggestion would be taken into consideration before then. He suggested that a reminder might be sent before the end of the year if no conclusion had been arrived at.

3. *A. R. P. Expenditure.*—It was considered that this should be allowed in the computation of the income of Assurance Companies in the same way as assessments under section 10.

Sir John Sheehy thought that this was a reasonable suggestion and he would examine the position to see what could be done to carry it into effect.

4. *Section 23A of the Indian Income-tax Act.*—(*a*) As the object of the compulsory E.P.T. deposit was to reduce dividends, the Committee felt that the deposit should be deducted from the 60 per cent. which must be distributed by private companies in order to avoid the application of this section. (See question 5.)

(*b*) Where tax had been paid in respect of any undistributed profits and these profits were subsequently distributed, the member's proportionate share was to be excluded in a computation of his total income. Where, however, the shortfall from 60 per cent. of the net assessable income of the year in respect of which an order was passed under 23A(1) was attributable to writing off capital expenditure or to an appropriation to reserve, the undistributed profits could not, in fact, be distributed, and the shareholder would never get relief.

Even if, in a subsequent year, the whole of the assessable income had been distributed as dividend there would be no relief since none of the undistributed profits had been distributed, so that the Company could not resolve upon the dividend in terms that so much was paid out of the profits of the previous year and so much out of the profits of the year in respect of which an order under 23A(1) had been passed, nor could it issue tax certificates in these terms.

It would be fair to members of private companies and it would not be unfair to the Revenue if sub-section (4) were amended or instructions for its interpretation given to the effect that relief should be allowed in respect of all of the excess over 60 per cent. of the assessable income distributed in case any order under 23A(1) had been passed in any earlier year, regardless of the profits out of which it was paid.

Sir John's view, however, was that in the case given the shareholder had really no grievance because the writing off of the capital expenditure or the appropriation to reserve strengthened the position of the business.

5. *Compulsory Deposits.*—The intention, as stated by the Finance Member, was that a company should be allowed to retain approximately 7 per cent. of its excess profits. It was submitted that an individual should be allowed to retain the same percentage. In cases, however, where the individual rate of income-tax and super-tax on the excess profits exceeds 74 pies, the 7 per cent. was reduced or extinguished. For instance, in the case of an individual whose standard profits were Rs. 55,000 he would be allowed to retain only 7 pies in the rupee with excess profits or approximately 3½ per cent. (E.P.T. 10 as. 4 ps., income-tax and super tax 3 as., deposit 2 as. 1 p.).

Sir John dealt with both questions 4(*a*) and 5 at the same time. He said he could not hold out any hope but he would consider any case of great hardship. He saw no reason for considering a company under section 23A as in any way different from a registered firm or individual.

6. *Travancore and Ceylon Income-tax—Disallowance of British Indian Excess Profits Tax.*—The Committee enquired whether the Central Board of Revenue had considered the suggestions put forward by this Chamber in regard to these two questions.

Sir John Sheehy dealt with the two questions together and said he would see what could be done in the matter. The Committee emphasised that the assessees looked to the Government of India for protection against other Governments.

7. *E.P.T. Ordinance, 1943—Rules to be made regarding Bonus, Commission and Stocks.*—The Committee wished to know the general principles upon which Government desired to frame rules.

Sir John said that the Board had not yet considered the replies received from the various bodies consulted and had formed no ideas with regard to general principles. The main object was to prevent the avoidance of tax as the powers under the existing Rules did not go far enough. The question of pre-war contracts and practice regarding commission and bonus was discussed and Mr. Ayers said he appreciated the importance of not interfering with pre-war contracts and practice, but he pointed out that there might be instances in which the remuneration in the chargeable accounting period was so out of proportion to the remuneration in the standard period as to necessitate some limit being drawn. He said that the intention would be to

prescribe a limit for the use of Departmental Officers dealing with such cases, particularly in regard to bonuses.

In regard to stocks, it was pointed out that certain factories had been unable to get wagons for moving their stocks from the outbreak of the war with Japan until a few weeks ago. In such cases it was obvious that the companies should be outside the scope of any rule.

It was also pointed out that certain companies held large stocks on behalf of Government, and of which Government had not taken delivery. In fact any stocks sold should be left out of consideration. Sir John Sheehy said what Government were primarily interested in were abnormal stocks of raw materials.

8. *Schedule I—Rule VII.*—The Committee suggested that if the directors of a director-controlled company refunded their commission, the refund should be taxed in the hands of the Company and deducted from the income of the directors in their assessments.

Mr. Ayers said that it was not possible to lay down any general rule in the matter based on any particular case, as he would have to consider cases where the circumstances might be different. If a concrete instance was put up it would be considered.

9. *Investment Trust Companies—E.P.T. Rule* 20.—The amendment to E.P.T. Rule 20 provided that Investment Companies could elect to be assessed under the old procedure provided they made their application within the time allowed for filing their returns. Several Investment Companies were obliged to make their returns before the rule was published and of course did so on the basis of the existing law. It was submitted that in all cases where returns were made before the promulgation of Rule 20, the companies should be allowed to be assessed on the law as it stood at the time when the return was made.

It was agreed that in such cases the assessee would be given an effective option for any chargeable accounting period whether it was technically within the date or not, although tax had been paid. If tax had been paid, it would be refunded or set-off against a later charge to tax.

10. *Penal interest payable when provisional assessment exceeds final assessment.*—It was submitted that this interest should not be liable to E.P.T. nor should the excess amount paid to Government on the provisional assessment be regarded as reducing the average capital employed. If the interest was liable to E.P.T. the effective rate was reduced from 8 per cent. to 1 per cent., while if the excess payment was regarded as investment

or as cash not employed in the business, the company was penalised by the statutory percentage, which in all cases exceeded 5 per cent.

(*a*) Mr. Ayers said that instructions would be given that such interest should not be regarded as a trading profit chargeable to E.P.T.

(*b*) The position was that at present, the E.P.T. liability on the first day of the following C.A.P. must be taken into account, and in ascertaining whether or not there was any surplus cash E.P.T. officers had to consider the amounts that would fall to be paid ; in this connection, Treasury Bills, Defence Bonds, etc., were treated as cash. It followed from this that any provisional payment of tax would be treated as cash, as otherwise tax might be deducted twice, and instructions to this effect had been given.

11. *New Edition of the Income-tax Manual.*—Sir John Sheehy said that the difficulties in the way of getting out a new edition of the Manual were the paper shortage and the pressure of work in the Government Printing Press. He would enquire into it further.

12. *Compulsory Deposits—Sterling Companies.*—Mr. Ayers confirmed that Sterling Companies within the charge to U. K., E.P.T. were exempt from making a compulsory deposit under the Ordinance as the fourth proviso to section 10(1) of the Finance Act, 1942, applied.

13. *Section 18(3A) of the Income-tax Act.*—With reference to the Chamber's Bill regarding appeals challenging an Income-tax Officer's direction to pay tax under section 18(3A) and providing that a condition precedent for an appeal would be a deposit of tax, the principle contained therein was agreed to. The Bill had, however, been considered unsatisfactory by the Government draftsman and it was proposed to include its provisions in amending legislation sponsored by the Department which would probably be introduced in the spring session of next year.

INCOME-TAX.

APPEALS AGAINST DEDUCTIONS UNDER SECTION 18(3A) OF THE ACT.

(*See Report* 1942, *page* 66.)

It was recorded in the Chamber's Report for 1942 that the Committee had referred to the European Group at the Centre the question of the right of appeal under section 30 of the Income-tax Act, by a person denying his liability to deduct tax.

It was subsequently learnt from the European Group that Government were not likely to consider amending the Act in which case the Group suggested that if it was decided to promote a non-official Bill, it might be introduced in the Council of State as considerable time would be saved by such a procedure.

A Bill was accordingly drafted and in the statement of objects and reasons it was pointed out that the Indian Income-tax Act deemed a person who failed to deduct tax in accordance with the provisions of section 18 to be an assessee in default with the consequences that he became liable to make the payment of tax and might be subjected to a penalty. The Act gave him no right of appeal where he disputed his liability to make a deduction. Income-tax Officers who considered that deduction should be made or should have been made, so intimate to the assessee with the threat of penalty. The Act contained no machinery by which a person who received such an intimation and who had been advised or considered he was not liable to deduct tax would have the dispute adjudicated upon. It was therefore necessary to provide such machinery by giving any such person a right of appeal.

The Committee at first arranged for the Bill to be introduced in the Council of State by the Chamber's representative, the Hon'ble Mr. R. H. Parker, during the 1943 Budget session, but they did not do so as they understood that Government were likely to oppose it on the ground that as drafted it was too wide in its scope.

When Sir John Sheehy, Member, Central Board of Revenue, visited the Chamber in August 1943, he informed the Committee that the Bill had been considered unsatisfactory by the Government draftsman and it was proposed to include its provisions in amending legislation sponsored by the Department which would probably be introduced in the 1944 spring session.

INCOME TAX APPELLATE TRIBUNAL.

(*See Report* 1942, *page* 68.)

The following resolution which was moved by the Bengal Chamber of Commerce and supported by the Bombay Chamber was adopted unanimously at the annual meeting of the Associated Chambers of Commerce of India held at Calcutta on the 20th December 1943.

"This Association requests the early attention of the Government of India to the following matters connected with the practice and procedure before the Income Tax Appellate Tribunal:

1. That the request for the establishment of local Registrars for filing of applications and for facilitating communications with the local Benches, be reconsidered;

2. That the decisions of all Benches of the Tribunal be made available to the public, if necessary by the amendment of section 54 of the Indian Income Tax Act; and

3. That the Government of India take an early opportunity, in consultation with commercial interests, of revising where necessary various provisions of the Income Tax Appellate Tribunal's Rules and Forms and the practice obtaining thereunder."

INCOME-TAX.

RATE APPLICABLE TO INSURANCE COMPANIES.

(*See Report* 1942, *page* 80.)

It was recorded in the Chamber's Report for 1942, that the Committee in replying to a reference from the Associated Chambers of Commerce of India, had informed the Association that they did not consider that any case had been made out for a representation to the Government of India requesting that the rate of income-tax and surcharge applicable to insurance companies might be fixed at the level prevailing on the 31st December 1941, and that such companies should be exempted from any further increase which might be made in the rates. The Committee suggested, however, that it might be left to the Life Insurance Association to make representations should they consider it desirable.

The Life Offices Association subsequently addressed the Finance Member of H. E. the Viceroy's Executive Council pressing for the pegging of an upper limit to the rate of income-tax chargeable on Life Assurance Companies and for an increase in the statutory amount allowable as management expenses.

As the stage had now been reached when Life Assurance Companies in India were required to pay tax at a rate slightly higher than the maximum rate applicable in the United Kingdom, the Committee felt that there was justification for the proposal that a maximum rate should now be fixed, particularly in view of the fact that Life Insurance Companies were liable to be taxed on the basis other than that of "profits," viz., interest less expenses, if the latter basis gave a higher taxable income. The interest earnings of Life Insurance Companies operating in this country were restricted in two ways, viz., (*a*) by the requirement of the Indian Insurance Act, 1938, that 55 per cent. of a company's liabilities to its policyholders should be invested in Indian Government securities, and (*b*) by the fact that the general interest payable on such securities had been steadily reduced in recent years. On the other hand, expenditure under certain heads had inevitably increased, since the outbreak of war.

The Committee accordingly addressed the Associated Chambers of Commerce of India on the subject and urged the Association to accord their support to the two requests made by the Association of Life Assurance Offices in India, but in doing so they recorded their view that policyholders should not suffer by any reduced rate of relief in respect of life insurance premia paid.

INCOME-TAX.

Trade Marks Registration Costs.

(*See Report* 1942, *page* 67.)

It was recorded in the Chamber's Report for 1942 that in November of that year the Chamber had enquired of the Central Board of Revenue whether the Board would allow the costs of deposit and registration of trade marks as an expense in the computation of profits for the purpose of Income-tax. The Committee pointed out to the Board that in the United Kingdom the expenses in connection with the renewal of trade marks had been allowed since 1934 under executive instructions of the Inland Board of Revenue (*vide* Murray and Carter, page 491).

No reply was received to this representation but in August 1943 the attention of the Chamber was drawn to a representation that had been addressed to the Central Board of Revenue by the Bombay Millowners' Association protesting against the decision given by one of the Income-tax Officers of Bombay disallowing expenses incurred by an assessee mill company in registering their trade marks, as a business deduction under section 10 of the Indian Income-tax Act.

In addressing the Central Board of Revenue in the matter the Committee stated that they fully supported the comprehensive arguments put forward by the Millowners' Association and emphasised that whilst the cost of acquiring a trade mark was an expense which should certainly be regarded as of a capital nature, it was entirely wrong to suggest that registration and renewal fees under the Trade Marks Act were other than revenue charges. If such views were to prevail, various other charges including advertising would become liable for consideration as a capital charge in so far as advertising enhanced the value of a trade mark. The Committee understood that the representation of the Millowners' Association had been passed to the Legal Advisers of Government and they expressed a hope that early orders would be issued by the Central Board of Revenue authorising all expenses incurred in registering trade marks to be accepted by the Income-tax Authorities as a business deduction under section 10 of the Indian Income-tax Act.

On the 12th November 1943 the following Circular was issued by the Board :—

"The question has arisen whether the cost of deposit and registration of trade marks incurred under the Trade Marks Act V of 1940 is an admissible expense in the computation of profits for the purposes of income-tax assessments. The Board consider that in so far as the cost of initial registration of new trade marks under Act V of 1940 is concerned, it should be treated as of a capital nature since such registration creates a capital asset. Any expenditure incurred on the renewal of registration should however be allowed as a revenue expense as the purpose of such renewal is not to create any new asset but merely to preserve an existing one. In the case of old trade marks in which a right has been acquired by exclusive and prior use, the cost of first registration under Act V of 1940 should be treated in the same way as the cost of initial registration in the case of new trade marks. For this purpose any trade marks the use of which was declared in the application form under Section 85 of the Trade Marks Act, 1940, to be prior to the 25th February 1937, should be regarded as having been acquired by exclusive and prior use."

The Committee informed the Central Board of Revenue that in so far as the cost of renewals was concerned they considered the procedure laid down as satisfactory. There appeared, however, to be a mistake in regard to the cost of registration of old trade marks, i.e., those "in which a right has been acquired by exclusive or prior use." The registration of such trade marks did not "create" a capital asset but merely provided the means of protecting an existing asset and should therefore be regarded as a "renewal" and not as the "registration of a new trade mark." The Committee suggested that the word "renewal" be substituted for the words "initial registration" in the penultimate paragraph of the Circular.

The Central Board of Revenue in reply stated that they were unable to accept the Chamber's suggestion for amending the instructions so as to admit of the cost of first registration in the case of old trade marks being allowed as revenue expenditure in income-tax assessments.

INCOME-TAX.

Allowance for Repairs under Section 9 (1) (*i*).

In September 1943 the Associated Chambers of Commerce of India requested the views of this Chamber on a suggestion of the Upper India Chamber of Commerce that section 9 (1) (i) of the Indian Income-tax Act should be amended so as to permit an increased allowance being granted in respect of repairs to property. The Upper India Chamber pointed out that the existing allowance of one-sixth of the rental value of the property allowed by the Act as deduction for purposes of income-tax was very inadequate for the reason that prices of all building materials,

labour charges, etc., had increased very considerably while the property owners under the Defence of India Rules were prohibited from increasing their rents.

The Committee informed the Associated Chambers that they were prepared to support a representation to the Government of India for an amendment of the Indian Income-tax Act to permit an increase in the existing allowance on the rental value of property as a deduction for purposes of income-tax to cover the cost of repairs, but they were of opinion that when doing so a specific suggestion should be made as to the amount that would be considered an adequate allowance.

The following resolution was moved by the Upper India Chamber at the annual meeting of the Associated Chambers of India held at Calcutta on the 20th December, 1943 and was adopted :—

"In view of the increased cost of materials and labour and the fact that rents have remained practically unchanged owing to rent restriction orders framed under the Defence of India Act 1939 and other causes, this Association invites the attention of the Central Board of Revenue to the inadequacy of the allowance of one-sixth of the *bona fide* annual value of property consisting of buildings and lands appurtenant thereto permissible under Section 9 sub-section (1) Clause (1) of the Income Tax Act (Act XI of 1922) and recommends that it should be made more liberal by suitable amendment of the Act."

INCOME-TAX.

Suggested Exemption of Dearness Allowances.

In June 1943, in replying to a reference from the Associated Chambers of Commerce of India, the Committee stated that they were of the view that although dearness allowance was given to meet the extra cost of living, it was equivalent to a temporary increase in salary. The Committee saw no justification for the suggestion that it should be treated as free of tax and did not consider that the Associated Chambers should make any representation in the matter.

Subsequently the Chamber was informed that as the large majority of the constituent Chambers were against a representation being made to Government the President of the Associated Chambers had decided to take no further action in the matter.

INCOME-TAX.

Allowance for Depreciation of Plant and Machinery acquired on Hire-Purchase Agreement.

The following Circular No. 9 was issued by the Central Board of Revenue on the 23rd March 1943 and is reproduced for purposes of record :—

The following instructions are issued for dealing with cases in which an asset is being acquired under, what is known as, a hire-purchase agreement :—

(i) In every case of payment purporting to be for hire-purchase, production of the agreement under which the payment is made should be insisted on.

(ii) Where the effect of an agreement is that the ownership of the subject is at once transferred to the lessee (e.g., where the lessor obtains a right to sue for arrear instalments but no right to recovery of the asset), the transaction should be regarded as one of purchase by instalments and no deduction in respect of "hire" should be made. Depreciation should be allowed to the lessee on the entire purchase price as per the agreement.

(iii) Where the terms of the agreement provide that the equipment shall eventually become the property of the hirer or confer on the hirer an option to purchase the equipment, the transaction should be regarded as one of hire-purchase. In such cases the periodical payments made by the hirer should for tax purposes be regarded as made up of :—

(*i*) consideration for hire, to be allowed as a deduction in the assessment ; and

(*ii*) payment on account of purchase, to be treated as capital outlay, depreciation being allowed to the lessee on the initial value (i.e., the amount for which the hired subject would have been sold for cash at the date of the agreement).

The allowance to be made in respect of hire should be the difference between the aggregate amount of the periodical payments under the agreement and the initial value (as described above), the amount of this allowance being spread evenly over the term of the agreement. If, however, the agreement were terminated either by the outright purchase of the equipment or its return to the owner the deduction should cease as from the date of the termination.

An assessee claiming this deduction should be asked to furnish a certificate from the vendor or other satisfactory evidence, of the initial value (as described above). Where no certificate or satisfactory evidence is forthcoming the initial value should be arrived at by computing the present value of the amount payable under the agreement at an appropriate rate per centum ; in doubtful cases the facts should be reported to the Board.

INCOME-TAX.

CLAIMS FOR ALLOWANCE FOR LOSSES ARISING OUT OF SALE OF A FACTORY, ETC.

The following Circular No. 32 was issued by the Central Board of Revenue on the 22nd October 1943 :—

"Cases have recently come to the notice of the Board in which claims have been made by assessees under section 10 (2) (vii) for the allowance of losses arising out of the sale of a factory or the entire block of plant and machinery on the transfer of the business to another party or on the close of such business.

2. The Board consider that before an allowance is admissible under sub-section (2) of section 10 of the Act, the condition prescribed in section 10(1) must be satisfied, viz., that the loss or expenditure as the case may be must have been incurred in the business, profession or vocation carried on

by the assessee. Since in the case of such sales of machinery, etc., it cannot be maintained that the sale was transacted in the course of carrying on the business (unless, of course, the main operations of the business were the buying or selling of factories or plant and machinery as such, for example, for scrap purposes in which event the loss or gain would have to be taken into account for assessment purposes) no notice should be taken in assessments of any loss or gain made on such sales.

3. The instructions on page 282 of the Manual are being amended accordingly."

In December 1943 the Associated Chambers of Commerce of India requested the views of this Chamber on the following point raised by the Madras Chamber who considered that the Board's reasonings for the decision taken by it were illogical.

Firstly, taking into consideration the question of the sale of only a portion of the plant and machinery, it appeared to the Madras Chamber that the effect of the Board's instructions would be, if a sugar manufacturer gave up making sweets and sold his machinery at a loss, he would have no claim.

Another instance of how the Board's instructions were likely to affect was that if a cotton mill gave up dyeing and sold only grey cloth, it could not claim on its dyeing machinery.

If a business was closed down or sold, it was impossible to satisfy the essential provisions of Section 10(1), i.e., the business was not being *carried on* by the assessee.

In conclusion the Madras Chamber stated that the reasons adduced by the Central Board of Revenue for the decision arrived at in this regard appeared to it to be unsound, and requested the Associated Chambers to take the matter up with the Central Board of Revenue.

The Committee, however, after consulting the Income-tax Sub-Committee, informed the Associated Chambers that in their view the decision of the Central Board of Revenue was correct, and if the matter were gone into further as the Madras Chamber proposed to do, it was more likely to lead to further restrictions rather than concessions. They considered that it should be left to assessees to appeal if they were so advised.

INCOME-TAX.

Allowances for Dipwali and Mahurat Expenses in assessing Income.

The following Circular No. 27(2)-I.T./43, issued by the Central Board of Revenue on the 6th May 1943, in the above connection is reproduced for purposes of record :—

"It has been represented to the Board that customary payments in respect of Dipwali (or Diwali) and Mahurat (i.e., the auspicious day of starting new accounts) which long usage and custom have made it obligatory

for a business to incur should be allowed as a deduction in computing the income under sections 10 and 12 of the Income-tax Act. The Board understands that such expenses are generally of the nature of advertisement with a view to the securing of new business and that though varying according to the nature and extent of the business, the maximum expenditure is about Rs. 200 on Dipwali and Rs. 400 on Mahurat. The Board consider that since these expenses are not of a personal, social or religious nature but are in the interests of the business, and are laid out or expended wholly and exclusively for the purposes of the business, they should be allowed as business expenditure provided that the expenditure in question does not exceed the maximum amounts specified above."

INCOME-TAX.

Professional Fees incurred for appealing against Income-tax Assessment.

In April 1943, in replying to a member who complained against the non-allowance for income-tax purposes of professional fees incurred by them for successfully appealing against their income-tax assessment, the Committee informed the member that the procedure that had been adopted followed the normal Home practice. The Committee entirely agreed that in theory the cost of a successful appeal should be allowed as an expense, but in so far as Indian procedure followed Home procedure (see Murray and Carter, page 491) they feared that any representation to the Central Board of Revenue would be a mere waste of time. They had, however, noted the matter for discussion with Sir John Sheehy when he next visited Bombay.

The matter was accordingly discussed with Sir John Sheehy when he visited the Chamber on the 20th August 1943. Sir John Sheehy stated that the Department allowed expenses up to the time of the assessment and in respect of successful appeals to the Assistant Commissioner or to the Appellate Tribunal against the application of section 23A. He was unable to recommend the extension of the concession to expenses in connection with other appeals and with reference to the High Court as in his opinion these expenses were not incurred in earning profits and were not allowed in the United Kingdom.

INCOME-TAX.

Admissibility of Air Raid Precautions Expenditure in assessing Oil Companies.

(*See Report* 1942, *page* 73.)

In the Chamber's Report for 1942, in detailing the principles laid down by the Central Board of Revenue in regard to the treatment of expenditure on air-raid precautions measures, it was mentioned that the circular did not apply to oil installations

and electrical undertakings, in respect of which special arrangements had been made for the recoupment of air raid precautions expenditure. In April 1943 the Central Board of Revenue issued a further circular in which was stated that the Government of India had decided that oil companies should be allowed to recoup air-raid precautions expenditure incurred under Government orders by an increase in prices. This decision did not, however, affect the position in respect of the admissibility of such expenditure for income-tax and excess profits tax purposes and such expenditure should be treated in accordance with the principles mentioned in the circular referred to above.

It was added that the necessary instructions as regards the treatment of expenditure incurred on air-raid precautions measures by electrical undertakings would be issued in due course.

INCOME-TAX.

Admissibility of Air Raid Precautions Expenditure in assessing Insurance Companies.

(*See Report* 1942, *page* 73.)

When the Committee met Sir John Sheehy in August 1943 they recommended that air raid precautions expenditure should be allowed in the computation of the income of assurance companies in the same way as assessments under section 10.

Sir John promised to examine the position and to see what could be done to carry the suggestion into effect as he thought that it was a reasonable one.

On the 24th November 1943 the Central Board of Revenue issued a circular stating that it had been decided that air raid precautions expenditure incurred by insurance companies should be treated on the same principles as laid down in Circular No. 42 of 1942 (see page 74 of Report for 1942). In the case of a life assurance company assessed under Rule 2(*a*) such expenditure should be allowed in addition to the maximum management expenses admissible.

INCOME-TAX.

Inclusion in Annual Return of Employees drawing Rs. 1,200 and over.

On the 12th June 1943 the Central Board of Revenue issued a Notification publishing the following draft of certain amendments of the Indian Income-tax Rules, 1922 :—

"In the said Rules—

(1) in rule 16, for the figure '1,600' the figure '1,200' shall be substituted ;

(2) in the verification appended to the Form set forth in rule 17—

(i) for the figure '1,600' in both places where it occurs, the figure '1,200' shall be substituted;

(ii) after the words 'to all persons' the following words, figures and brackets shall be inserted, namely :—

'(except those in respect of whom a separate statement/return required by rule 14/15 of the Indian Finance (Income-tax) Rules, 1943, has been made)'."

The effect of the draft amendments was that all employers were required to include in their annual return under section 21 of the Income-tax Act, particulars of all employees having under the head "Salaries" incomes of over Rs. 1,200 instead of the existing figure of Rs. 1,600.

In addressing the Central Board of Revenue in the matter the Committee pointed out that the compilation of the figures in respect of such employees would involve a substantial amount of clerical labour particularly to the organisation employing a large staff, without any corresponding benefit to Government, and that the existing figure of Rs. 1,600 might be altered to Rs. 1,400 for the following reasons.

In a large organisation there would be a considerable number of employees having under "Salaries" an income between Rs. 1,200 and Rs. 1,500, but the percentage of such employees having a private income of over Rs. 100 per annum was likely to be negligible. Hence the benefit derived by Government in the shape of additional income-tax or additional deposit in the Post Office Savings Banks account was likely to be very small in proportion to the labour involved. The Committee, therefore, suggested that the figure be reduced from Rs. 1,600 to Rs. 1,400 as this would save employers a considerable amount of clerical labour without any appreciable loss to Government.

The point was discussed with Sir John Sheehy, Member, Central Board of Revenue, when he visited the Chamber on the 20th August 1943 and he stated that the rule would not be operative until the 1944 annual returns were due and the Chamber's suggestion would be taken into consideration before then.

INCOME-TAX.

Deduction by Employers.

On the 2nd October 1943 the Central Board of Revenue published the following draft amendment of the Income-tax Rules :—

Draft Amendment

After rule 11 of the said Rules, the following rule shall be inserted, namely :—

"11A. In the case of income chargeable under the head 'salaries' where deduction is not made by or on behalf of Government, the Commissioner

of Income-tax may, in his discretion, notwithstanding anything contained in rule 10 and sub-rule (1) of rule 11, permit an employer to pay income-tax and super-tax on the income of his employees chargeable under the head 'salaries' in a lump sum every month based on the average amount of income-tax and super-tax deductible every month from such income and to submit at the end of the year to the Income-tax Officer within whose jurisdiction the deduction is made (or where there is more than one Income-tax Officer having jurisdiction in the same area to the Income-tax Officer specified by the Commissioner of Income-tax) a statement giving the following particulars:—

1. Name of employee.
2. Amount of salary (or wages) paid during the year.
3. Leave salary or allowance, if any, paid outside British India.
4. Period for which the salary (or wages) was paid.
5. House rent allowance paid during the year.
6. Value of rent-free quarters for the year.
7. Bonus, gratuity, fees, commissions, perquisites or other allowances, profits in lieu of or in addition to salary, payments made at or in connection with the termination of employment, advances of salary, etc., and all other sums paid which are chargeable to income-tax. (Full details showing the total amount paid during the year, periods for which the payments were made are to be given separately for each item.)
8. Salary, bonus and all other sums which were due to be paid during the year but which were not actually paid. (Full details showing the amount, the due date, and the period for which the amount was payable are to be given for each item separately.)
9. Total of items 2, 3, 5, 6, 7 and 8 above.
10. Yearly amounts paid or deducted in respect of provident or superannuation or other funds and life insurance premiums (give details).
11. Net amount upon which tax has been deducted during the year.
12. Total amount of income-tax deducted during the year (surcharge to be shown separately).
13. Total amount of super-tax deducted during the year (surcharge to be shown separately).

Such permission which will hold good till it is withdrawn will be granted by the Commissioner of Income-tax subject to the following conditions and any other condition which he may prescribe :—

(*a*) The employer shall at the end of each year calculate the income-tax and super-tax due on the income under the head 'salaries' paid to his employees during the year and adjust any excess or deficiency in the month of March, such adjustment being made within the terms of the proviso to sub-section (2) of section 18 of the Act, i.e., adjustments should be made in each individual case and any excess recovered from one employee should not be adjusted against any short recovery from another.

(*b*) In the case of an employee leaving service the particulars mentioned above should be sent forthwith to the Income-tax Officer."

The Committee considered the draft amendment in consultation with the Income-tax Sub-Committee and submitted to the Central Board of Revenue the following comments in respect of item 7 of rule 11A :—

Since payments made " at or in connection with the termination of employment " were not all taxable, the rule as it was

framed might influence Income-tax Officers to argue that they were. It was therefore suggested that there should be inserted before the word " payments " the word " taxable."

If necessary the amounts paid which were claimed to be non-taxable could be disclosed separately. There could be no objection to informing the Income-tax Officer of the amount, without prejudice, so that he could make up his mind on the facts presented.

The Committee also considered the words " and all other sums paid which are chargeable to income-tax " as too wide. They suggested the insertion of the words " by the employer to the employee " after the word " paid."

The rules in their final form were published on the 4th December 1943. Neither of the suggestions of the Committee was, however, accepted by the Central Board of Revenue.

INCOME-TAX AND EXCESS PROFITS TAX.

Legal Expenses incurred in connection with Renewal of Lease.

The following Circular No. 22, issued by the Central Board of Revenue on the 23rd June 1943, is reproduced for purposes of record :—

" The Board have, following the practice obtaining in the United Kingdom, decided that legal expenses incurred in connection with the renewal of a lease should be allowed as an admissible deduction for purposes of income-tax provided that the renewal of the lease is for a period of less than fifty years.

2. For the purpose of excess profits tax, however, such expenditure on renewals covering more than one year should be spread over the number of years for which the lease is renewed under Rule 11 of Schedule I to the Excess Profits Tax Act, 1940.

3. The Board have also decided that expenditure incurred on the compulsory removal of business premises, i.e., in cases where the removal has taken place under the directions of Government should, as in the case of A.R.P. expenditure, be allowed as a deduction for purposes of income-tax and excess profits tax."

INCOME-TAX AND EXCESS PROFITS TAX.

Acceptance of Interest-bearing Deposits against Payments.

On the 4th October 1943 the Central Board of Revenue issued the following Press *communique* :—

" It is notified for general information that interest-bearing deposits are now acceptable towards payments of Income-tax and Excess Profits Tax. Interest will be payable in cash at the time of tax payment at the rate of 2 per cent. per annum (subject to income-tax) from the date of deposit

to the date when the tax becomes payable, but no interest will be allowed on amounts which are not utilised to pay the tax nor on deposits which run for less than three months. Amounts proving surplus can be withdrawn in cash at the time of the tax payment but if carried forward to the next tax payment interest will be allowed from the date of the original deposit in respect of so much as is eventually used for payment of tax. Deposits must be for Rs. 100 or a multiple of that sum and should be made on chalans obtained from the Income-tax Officers and Excess Profits Tax Officers separately in respect of each class of tax."

In addressing the Central Board of Revenue in the matter, the Committee drew attention to the fact that at the meeting that they had with Sir John Sheehy and Mr. Ayers in August 1943, the latter stated that Treasury Bills, Defence Bonds, etc., would be treated as cash in computing Excess Profits Tax liability and that any provisional payment of tax would similarly be treated as cash. The Committee assumed that interest-bearing deposits would also be treated as cash in capital computations, and they asked to have the Board's confirmation of this to put the question beyond doubt.

The allocation of deposits between income-tax and excess profits tax was not required in the United Kingdom, and it would obviously be very inconvenient to assessees in India who were concerned with claims for double excess profits tax relief. A high quantum of tax payable in the United Kingdom would reduce the relief allowed here, thereby increasing the net excess profits tax payable but reducing the amount of income-tax. Applications under sections 6 and 26, if successful, would also reduce the excess profits tax and reduce the income-tax payable. The Committee, therefore, thought it reasonable that a surplus in one deposit should be transferable to the other, and they trusted that Government would be agreeable to this and would issue appropriate instructions at an early date.

The Central Board of Revenue in reply stated that the Chamber's assumption in regard to interest bearing deposits being treated as cash in capital computations was correct. As regards the allocation of deposits between income-tax and excess profits tax, the Central Board of Revenue stated that separate deposits in respect of income-tax and excess profits tax were introduced with a view to simplifying the maintenance of accounts and the calculation of interest. The Board was of the opinion that the accounting procedure in respect of these deposits was already complicated and that the adoption of the suggestion made by the Chamber was likely to complicate it still further. Moreover, the option given to the assessee to withdraw the surplus after payment of tax was intended to mitigate the hardship involved in the types of cases referred to by the Chamber and the loss of interest on such withdrawals could not be appreciable. In the circumstances, the Board were unable to accept the suggestion made by the Chamber.

EXCESS PROFITS TAX.

COMPULSORY DEPOSITS.

The following Circular No. 10 was issued by the Central Board of Revenue on the 18th May 1943 :—

" Ordinance No. XVI of 1943 provides for :—

(*a*) summary provisional assessments to E. P. T. ;

(*b*) compulsory deposits under the scheme for post-war refunds of 1/5 of the E.P.T. assessed in respect of chargeable accounting periods ending after the 31st December 1942 ;

(*c*) the making of rules, to be applied in making E.P.T. assessments, with regard to stocks of raw materials and bonuses and commissions paid to employees.

The following notes are issued in explanation of the provisions of the Ordinance :—

2. There is no doubt that an important contributory factor to the present inflationary position is the large amount of excess profit which is available for distribution or for employment in ways which give rise to inflation. If excess profits tax could be collected shortly after the profits were made, the position would be greatly improved. If in addition E.P.T., assessees made voluntarily the permitted deposit of one-fifth of the tax there would be little excess profits left to disturb the situation. But the time lag which is unavoidable in making E.P.T. assessments does not allow of speedy collection of the tax and the voluntary scheme of deposits is only a partial success. It has, therefore, become necessary both to introduce a method of making the bulk of E.P.T. payable at the earliest reasonable date and to make the deposit scheme compulsory. The operation of both provisions will account for 80 per cent. of the excess profits.

3. *Provisional assessments.*—The intention is to make a provisional assessment to E.P.T. as soon as possible after the accounts for the chargeable accounting period have been made up. The Excess Profits Tax Officer will be instructed that in making that assessment he is to aim at a broad approximation to the real liability and to avoid any overassessment. He will not include any item objected to by the assessee about which there can be a reasonable dispute. He will let the assessee see for comment a copy of his order before he issues it. The aim will be to arrive at an agreed figure in every case and it is hoped that assessees will co-operate in the matter. The rate of interest, 5 per cent. prescribed in regard to sums overcharged in these provisional assessments, is sufficient guarantee that care will be taken to see that there will be no overassessment. Finally, officers will be instructed that these provisional assessments must not be made an excuse for delaying regular assessments in cases in which provisional assessments have been made.

4. *Compulsory deposits.*—These will not be payable until after the regular assessment is made. But they will then be recoverable in the same way as the tax. As the provision applies only to chargeable accounting periods ending after the 31st December 1942, assessees will have had ample notice of it and they will only have themselves to blame if they have distributed or otherwise dissipated the profits from which the deposit is to be made.

5. *Stocks of raw material ; Bonuses and commissions to employees.*—There is reason to believe that excessive purchases of raw material have been made by a number of concerns with the intention of reducing their E.P.T. liability by avoiding the exclusion from capital employed in the business of surplus cash resources. Power has been taken to make rules to

deal with this by prescribing the quantities of raw material which will be deemed to be the normal requirement of a particular business in relation to the computation of capital for E.P.T. Similarly the tendency to pay excessive bonuses and commissions to employees needs to be checked. Power is therefore taken to make rules in regard to the amounts of such bonuses and commissions which may be allowed in computing profits for the purpose of E.P.T. In both cases the rules made will apply to all chargeable accounting periods ending after 31st December 1942."

In connection with the question of compulsory deposits, when Sir John Sheehy, Member, Central Board of Revenue, visited the Chamber in August 1943 the Committee pointed out that the intention underlying the Ordinance as stated by the Finance Member, was that a company should be allowed to retain approximately 7 per cent. of its excess profits. They submitted that an individual should be allowed to retain the same percentage. In cases, however, where the individual rate of income-tax and super-tax on the excess profits exceeded 74 pies, the 7 per cent. was reduced or extinguished. For instance, in the case of an individual whose standard profits were Rs. 55,000 he would be allowed to retain only 7 pies in the rupee with excess profits or approximately 3½ per cent. (E.P.T. 10 as. 4 ps., income-tax and super-tax 3 as., deposit 2 as. 1p.).

Sir John Sheehy said that he could not hold out any hope of amending the Ordinance but he would examine any case of great hardship. He saw no reason for considering a company under section 23A as in any way different from a registered firm or individual.

EXCESS PROFITS TAX.

Disallowance in Assessment to Ceylon and Travancore Income-tax.

In July 1943 the Committee drew the attention of the Central Board of Revenue to the loss that was suffered by assessees in British India through the omission in the Ceylon Excess Profits Tax Ordinance of anything corresponding to section 12 (2) of the Indian Act, with the result that Indian excess profits tax was not allowed as a charge in the computation of profits for the purpose of Ceylon income-tax.

The result of this was that although double excess profits tax relief existed, and the residue of Ceylon excess profits duty could be claimed as a charge against the profits in the British India assessment, together with the residue of the British India excess profits tax ; the residue of British India excess profits tax could not be claimed as a charge against the profits in the Ceylon income-tax assessment. The profits subject to income-tax in Ceylon were therefore higher than the Ceylon profits subject to

Indian income-tax and as double income-tax relief was only on the lower of these two figures, income-tax was payable in Ceylon on profits which had been paid to the Government of India in the shape of excess profits tax, without any relief being obtainable.

A concrete case had been brought to the notice of the Committee of a factory with a branch in Ceylon, which paid Ceylon income-tax on its Ceylon profits, as well as, of course, Indian income-tax on those profits. In ordinary times this was no hardship, because all but a small portion of the Ceylon tax (not subject to relief) was recoverable by way of double income-tax relief. Now, however, the position was that they had to pay Ceylon excess profits duty also, and although double excess profits tax relief operated to avoid hardship in the matter of excess profits tax, in the matter of income-tax they suffered the hardship outlined above.

The Committee felt that this was a case where Indian assessees had a definite and reasonable grievance, and one which obviously would not be remedied unless the Government of India made representations in the matter to the Ceylon Government. It was clearly unsatisfactory that a number of small assessees should be expected to suffer injustice, and that even in a glaring case the assessee should be expected to throw himself on the mercy of the Ceylon Government.

Attention was drawn to the fact that the argument that Ceylon income-tax was allowed as a deduction in arriving at the profits for the purpose of U. K., E.P.T. (which, being 100 per cent. meant that the whole of the Ceylon income-tax was recoverable by U. K. companies) did not apply to India, where no deduction was allowed in respect of foreign income-tax.

The Committee at the same time referred to the hardship which was also suffered in respect of Travancore income-tax, as there was no E.P.T. in Travancore and Indian E.P.T. was disallowed in the computation of profits for Travancore income-tax. In a concrete case that had been brought to the notice of the Committee, in the income-tax assessment of a certain assessee for the Travancore year 1117 M.E. based on the accounts for the calendar year 1940 and therefore corresponding to the British India year 1941-42, the proportionate British India E.P.T. applicable to the Travancore income had been disallowed. Assessments were made under a rule corresponding to Rule 33 of the British India Income-tax Act.

Double income-tax relief was claimed both in Bombay and in Travancore, and in Bombay, 50 per cent. of the Travancore income-tax was refunded. The Travancore Deputy Commissioner

of Income-tax, however, refused to refund the other 50 per cent., but allowed only 50 per cent. of the tax on the proportion of the British India assessment applicable to Travancore, i.e., 50 per cent. of the Travancore tax on the Travancore income after deduction of the proportionate British India excess profits tax. The relative portion of his letter read as follows :—

" You will agree that the portion of your excess profits tax disallowed and taxed in the State was not taxed in British India but allowed as a legitimate deduction there. In the circumstances, the question of relief from double income-tax on this slice of income does not arise, as that income has not borne dual taxation. Rule 4 of the Government Notification R. Dis. No. 2350/38/Rev., dated 16th December 1938, appearing in page 79 of the Income-tax Act and Rules is sufficiently elucidative on this point."

The result was that the assessee had suffered half the Travancore rate of income-tax on the proportion of Travancore income which had been paid to the Government of India by way of excess profits tax, i.e., they had paid away, in all, more than 100 per cent. of such portion of their income.

The Committee suggested that an equitable remedy would be that the Government of India and the Government of Travancore should each treat the income before charging E.P.T. as having suffered income-tax in both India and Travancore State. In that case, the Travancore Government would be in exactly the same position as it would have been had the British India Government not introduced E.P.T., and they could not reasonably expect to profit by that action of the Government of India. In the particular case in question, although Travancore income-tax had been levied on the income before charging E.P.T., double income-tax relief had only been granted in Travancore on the proportionate income after charging E.P.T.

The Committee added that, of course, they were aware that the third proviso to section 5 of the E.P.T. Act would operate to exclude from Indian E.P.T., all profits which accrued or arose in an Indian State for the year 1941, but this did not mean that no income which was subject to British Indian E.P.T. would also be taxed to Travancore income-tax, as income accruing or arising in British India might yet be assessed to income-tax as being deemed to have arisen in Travancore, or as being assessable under section 1 of the Travancore Act which corresponded to section 42 of the Indian Act.

The matter was discussed with Sir John Sheehy when he visited the Chamber in August 1943. Sir John promised to see what could be done. The Committee emphasised that assessees looked to the Government of India for protection against other Governments.

EXCESS PROFITS TAX.

DIVIDENDS RECEIVED BY INVESTMENT COMPANIES.

(*See Report* 1942, *page* 95.)

It was recorded in the Chamber's Report for 1942 that the Committee in commenting on the proposed new Rule 20 of the Excess Profits Tax Rules had stated that it was not quite clear what was involved by "a company carrying on business to part only of which the section of the Act imposing excess profits tax applies." Many companies paid dividends which included a portion of interest on investments excluded for the purpose of excess profits tax, but such interest on investments was not taxable under the head of "business," but under section 8 (interest on securities) or 12 (income from other sources). It was presumed, therefore, that no apportionment of a dividend would be made in respect of interest or dividends received by the company paying the dividend, where the whole of such company's business as assessable under section 10 was assessed to excess profits tax. The Committee requested that this be confirmed.

It was not laid down how a dividend was to be apportioned when it was paid partly from reserves, and the Committee desired to know how it was proposed that this should be done.

Section 27 (2) (c) gave the Board power to give relief to companies whose business consisted wholly or mainly in the dealing in or holding of investments. The Committee pointed out that companies dealing in investments had to include their investment income by reason of Rule 4 (2) or 4 (2A) of Schedule I, whether the dealing in investments was the main part of their business or not. They, therefore, requested that relief be given to all companies whose investment income was taxed under these rules, and that the Act be amended as required, if Government did not consider that they could deal with the point under section 27 (1). It appeared to have been an oversight that section 27 (2) (c) was not amended at the same time that Rule 2A was inserted in Schedule I.

It was observed that the relief was proposed to be given only to companies and it was difficult to see that there was any just ground for distinction between a company and a partnership or an individual. Rule 4 (2A) was carefully drawn up so as to cover the cases of partnerships, and exclude income received by the partners as trustees for other persons, and it was also possible that individual speculators would be charged to excess profits tax if their profits were sufficiently large. This case was not covered by section 27 (2) and the Committee requested that the Act be amended, if necessary, so as to provide for relief in all cases where the hardship of double taxation was suffered.

The Central Board of Revenue in reply stated that—

(1) where a dividend-paying company carried on a business that was as a whole assessable to excess profits tax although the profits thereof were computed for excess profits tax purposes exclusive of dividends on investments, e.g., invested reserves, there would be no apportionment of the dividends under the notification. It was pointed out that the reference to a part business was necessary, for example, in the case of an insurance company doing general business which was within the charge to excess profits tax and doing also life insurance business that was exempt.

(2) It was not proposed that there should be any apportionment of dividends by reference to whether or not they were paid either in whole or in part out of reserves. It was not thought that in view of the previous paragraph that this point was likely to be of any practical importance.

(3) The case of companies whose assessable business consisted of or included the *dealing* in investments had been considered, but in view of the interrelation between the receipt of interest, of dividend and the realisable price of securities, shares, etc., it was not thought that any such relief as was contemplated by the notification would be appropriate to the circumstances of such companies.

(4) Partnerships or individuals merely *holding* investments were not within the charge to excess profits tax.

In acknowledging the letter from the Central Board of Revenue the Committee stated that they were pleased to note the first two paragraphs thereof. In regard to companies dealing in investments the Committee drew attention to the debate on Babu Baijnath Bajoria's amendment to Rule 4, reported on pp. 214/217 of Aiyar's Excess Profits Tax Act, 2nd edition. Sir Jeremy Raisman then stated (p. 217) that he accepted the principle, in the case of investment companies that dividends received from companies which had been subjected to excess profits tax would not be again taxed in the hands of shareholders Mr. Chambers went on to say (p. 217) that other companies were not affected, as their dividends were not included in their profits for excess profits tax purposes; nor were persons and firms, for the same reason.

The Committee felt therefore that the Rule should give effect to this, and that as other companies, persons and firms had been brought by Rule 2A to the position of including their dividends in their computations of profits for excess profits tax purposes, they should be entitled to the relief of which the principle was accepted in the Legislature.

Further, as the Finance Member, in accepting this principle, made no distinction between companies " holding " and companies " dealing in " investments, and as both types of business were specifically referred to in section 27 (2) (*c*), the Committee felt that the rule should give relief to both types of investment business.

Paragraph 3 of the Central Board of Revenue's letter appeared to refer to the case of a taxpayer who bought shares shortly before the declaration of a dividend, and then sold them ex-dividend, with the result that he showed a loss on his investment account while his dividend would escape excess profits tax as in the following example :—

(i) Shares purchased in C.A.P., cum-dividend. Rs. 5,45,000
(ii) Shares sold in C.A.P. ex-dividend .. Rs. 5,00,000
(iii) Dividend received .. .. Rs. 60,000

In this case, the application of the rule without any safeguard would enable the taxpayer to escape taxation on Rs. 60,000, while claiming a loss of Rs. 45,000 against other profits that might be assessable. This would clearly be inequitable, and in such cases the Revenue must be protected, but this could be done by the application of section 10 or 10A. It was therefore considered that the Revenue had ample power to deal with the situation, but if necessary, the rule could be amplified to put this beyond doubt.

With regard to paragraph 4 of the Central Board of Revenue's letter, the Committee realised that partnerships or individuals merely holding investments were not within the charge to excess profits tax but apart from the point raised in the preceding paragraph, which was applicable to firms engaged in finance business, the difficulty was that Income-tax Officers had been very ready to assess people as dealers in securities in addition to their other businesses, whenever there were transactions during the year, and such assessees were sometimes not really dealing in shares for purposes of profit, but taking advantage of rises that had occurred in long-standing investments. Be that as it may, however, the main part of their businesses had nothing to do with securities, either holding or dealing in them, but as they were assessed as dealers in securities, under Rule 4 (2A) the whole of their investments, in the case of a partnership, would be brought into the computations, unless investments not actually dealt in during the year were exempt. Even if those sold were included, hardship might still arise, if a dividend had been received thereon in the accounting period.

The Committee expressed a hope that should the Board be contemplating a visit to Bombay in the near future they would

be given an opportunity for one or two representatives to discuss the matter.

When Sir John Sheehy visited the Chamber in August 1943, the Committee discussed the question with him and submitted that in all cases where returns were made before the promulgation of Rule 20, the companies should be allowed to be assessed on the law as it stood at the time when the return was made. It was agreed that in such cases the assessee would be given an effective option for any chargeable accounting period whether it was technically within the date or not, although tax had been paid. If tax had been paid, it would be refunded or set off against a later charge to tax.

Subsequently the Central Board of Revenue intimated that in cases in which returns had already been made by investment companies on the basis that applied before Rule 20 was made and in which, therefore, the assessee was out of date for the exercise of the option given by the Rule it was intended that such a company should have, for all chargeable accounting periods, an effective option as to whether the rule should be applied or not and it should, therefore, in the circumstances indicated above, be given reasonable time in which to settle whether or not it wished the rule to be applied.

EXCESS PROFITS TAX.

Restrictions on amounts of Bonuses and Commissions and on quantities of Trading Stocks of Raw Materials.

On the 17th May 1943 the Viceroy and Governor General promulgated an Ordinance (XVI of 1943) which introduced a system of summary assessment of excess profits tax. The idea was that as soon as an assessee's accounts were made up, the Excess Profits Tax authorities would approach him on a commonsense basis, and, on the basis of his own published accounts, would endeavour to agree with him on the extent of excess profits, leaving out all controversy about disputed items. On the agreed amount so determined, a demand for E.P.T. would be issued and the amount collected.

The summary assessment would be made by the Income-tax Officer to the best of his judgment, but in order to protect the assessee against an unduly high estimate, a safeguard was provided.

If when the regular assessment was made, it was found that a refund was due to the assessee, not only would the excess be refunded but interest on it at five per cent. per annum which might be regarded as a penal rate against Government and

therefore a guarantee to the assessee against the summary procedure being used to his disadvantage.

The second feature of the Ordinance was a provision for compulsory deposit based on the existing optional system under which an assessee, if he so chose, could, after he had been assessed to E.P.T., deposit a further sum not exceeding one-fifth of the E.P.T., and the Government thereupon put aside for his benefit a sum equal to one-tenth of the tax. Under the Ordinance the deposit of a sum at the maximum rate of one-fifth would be compulsory for all E.P.T. assessees.

The previous position was that 66⅔ per cent. was levied as E.P.T. and 13⅓ per cent. as income-tax and super-tax. The State thus took 80 per cent. of profits. The object of the Ordinance was to immobilise as much as possible of the remaining 20 per cent.

Under the Ordinance 13⅓ of this 20 per cent. would be compulsorily deposited with Government, leaving to the assessee 6⅔ per cent. excess profits to be used for distribution of dividends or current consumption.

Out of the 93⅓ which would thus be taken by Government, 20 per cent. would be held for the assessee's benefit, 13⅓ representing his own money which he would be able to withdraw within 12 months of the termination of hostilities or two years from the payment of the deposit whichever was later. On that money he would get two per cent. interest. He was, in addition, entitled to 6⅔ per cent., which Government was putting into the fund for his benefit. That would be released in accordance with rules which were framed in consultation with the Reconstruction Committee. The purport of these rules was that Government's contributions would be released within three years of the end of the war or earlier if the assessee was able to establish a claim for advantageous use of the money at an earlier stage.

Besides these two main features, the Ordinance contained two other provisions. It took power to make rules to prescribe the amount of bonuses and commissions which would be admissible for income-tax purposes.

The Ordinance also gave power to prescribe what stocks should be deemed reasonable for income-tax purposes.

In May 1943 the Central Board of Revenue drew the Chamber's attention to the following provisions of the Ordinance.

"4. *Amendment of rule* 12, *Schedule I, Act XV of* 1940.—In the First Schedule to the Excess Profits Tax Act, 1940 (XV of 1940), to rule 12 the following sub-rule shall be added, namely—

"(3) In relation to chargeable accounting periods ending after the 31st Day of December 1942, the Central Government may make rules for

determining the extent to which deductions shall be allowed in respect of bonuses or commissions paid."

" 5. *Amendment of rule* 3, *Schedule II, Act XV of* 1940.—In the Second Schedule to the Excess Profits Tax Act, 1940 (XV of 1940), rule 3 shall be renumbered as sub-rule (1) of rule 3 and

(*a*) in the rule as so renumbered after the words ' any moneys ' the words ' or as regards any chargeable accounting period ending after the 31st day of December 1942, any trading stock or stock of raw materials ' shall be inserted :

(*b*) the following shall be added as sub-rule (2), namely—

" (2) the Central Government may make rules defining for the purposes of this rule the principles to be followed in leaving out of account trading stocks and stocks of raw materials."

It was pointed out that these provisions had two objects : (1) to check evasion of excess profits tax and (2) to combat inflation. The Central Board of Revenue requested the views of the Chamber as to the form and content of the rules which were to be made under these provisions.

In regard to the question of the restriction of bonuses and commissions—Rule 12 (3) the Committee informed the Central Board of Revenu that they did not think it appropriate that they should submit draft rules and considered it preferable that Government should draft the actual rules and invite comments on them from commercial and other organisations interested. They, however, drew attention to the following points which they considered should be provided for.

(1) The amounts payable for any commissions or bonuses under agreements made prior to the outbreak of war should be allowed as deductions in assessments to excess profits tax. Similarly, also, payments under any established pre-war practice as regards the grant of bonuses should be allowed as deductions in assessments to excess profits tax even though such practice was not regulated by any service agreement.

(2) The payment of any commission or bonus to a person promoted since the outbreak of war to a post which, before the war, carried with it remuneration by commission and/or bonus should be allowed as a deduction in assessments to excess profits tax provided there was no substantial alteration in the basis on which the commission and/or bonus was payable.

(3) Any bonuses paid specifically in lieu of cost of living allowances should also be allowed as a deduction in assessments ; also bonuses paid *bona fide* as compensation for extra work done.

In regard to trading stocks and stocks of raw materials —Rule 3 (2)—the Committee did not think it would be found practicable to lay down any general principles as to the quantum

or value of stocks to be left out of account, as conditions varied so greatly as between one type of business or industry and another, and between the position of companies engaged in the same or similar businesses and/or industries. The following, among many other considerations, were noted—

(1) Owing to the variations in seasonal supply of goods and materials, and the existing difficulties regarding transport, the stocks held by any two companies at any one time might vary greatly, owing to differing views on general policy and their ability to finance stocks which they wished to hold.

(2) It would often happen that the factors mentioned above—seasonal availability of supplies and of the necessary transport facilities—would result in companies holding on the date on which their annual accounts were closed larger stocks than would be the normal average throughout the greater part of the trading year.

(3) The balance sheet dates of companies in the same industry varied and the above factors must again vary accordingly.

On the 27th November 1943, the Finance Department (Central Revenues) of the Government of India published a draft of the Excess Profits Tax (computation of profits and capital) Rules and called for criticisms before the 13th January 1944. A special meeting of members was held on the 17th December to consider the rules.

The meeting endorsed the views of the Committee subject to alterations in one or two matters of detail and urged that the Rules when brought into force should not in any event have retrospective effect and agreed that there must be no compromise on the principle that pre-war contracts and practice in relation to payments of bonus and commission must be respected. The same day a letter was addressed to the Associated Chambers of Commerce of India requesting the Association to take prompt action in conjunction with the following four Associations to represent the matter to the Central Board of Revenue :—(1) The Federation of Indian Chambers of Commerce ; (2) The Employers' Federation of India ; (3) The All-India Organisation of Industrial Employers ; and (4) The Bombay Millowners' Association.

The Committee also urged that it should be arranged that individual Chambers should not address the Government of India direct but should send their views to the Associated Chambers as it was considered desirable that the Association should make a representation to Government on behalf of all constituent Chambers.

The subject was discussed informally at the time of the annual meeting of the Associated Chambers on the 20th December 1943.

On the 27th December the Employers' Federation of India, the Bombay Millowners' Association, the Indian Merchants' Chamber and the Bombay Chamber of Commerce jointly telegraphed to the Government of India asking for an extension to the 31st January 1944 of the time for submission of views. The Government of India refused this request.

The Associated Chambers informed this Chamber that as some Chambers had already submitted their views direct to the Government of India, it would be as well if the other Chambers should also present their detailed arguments direct to Government.

The Committee accordingly addressed the Government of India on the 4th January 1944, and after recepitulating the principles previously enunciated by them which, in their opinion, should constitute the framework around which the proposed rules should be built, they stated that from a study of the draft rules they could only conclude that these principles had not been given due consideration, and to the extent that the rules conflicted with these principles they were definitely unacceptable.

The Committee pointed out that the Act under which these rules were to be formulated was a taxing Act and it was therefore justifiable to assume that any rules made under such an Act would be designed mainly to ensure that the object of the Act itself was not frustrated. It was the opinion of the Committee that the rules as drafted went far beyond that and were, in fact, as attempt to tackle the problem of deflation. This Chamber realised only too well the urgent need to prevent any further inflation in India but they considered that an attempt at this stage to bring about deflation by what, in effect, was a restriction of remuneration to a limited section of the community was wholly wrong, in view of the failure of the authorities in this country to exercise any adequate control over the prices of necessaries of life.

The Committee reminded Government of the statement made by the Finance Member in the Central Assembly in October 1941 during the discussions of the Excess Profits Tax (Second Amendment) Bill to the effect that Government's object was to deal with entirely unjustifiable and on the face of them absurd types of expenditure indulged in by assessees merely in order to make away with profits. It was clear from the Finance Member's speech at that time that Government were concerned only with artificial or fictitious transactions and not with payments made to employees in the ordinary course of business, and the

Committee considered that to make use of rules under an Ordinance (No. XVI of 1943) to restrict such *bona fide* payments was contrary to the assurances given by the Finance Member at the time, and was not only indefensible but was tantamount to a breach of faith.

It was the opinion of the Committee that even as an attempt to tackle the problem of deflation the rules as drafted provided for payments to manual labourers which were on the whole in excess of the average payments being made at the present time in many industries; to this extent the proposals were, if anything, inflationary rather than deflationary. The classes against whom the rules appeared to be principally directed and who would be most seriously affected if they came into operation were the salary earners and supervising staff in companies and industrial concerns. It was submitted that the first of these classes was in fact the very one which had been already most severely hit by the rise in the cost of living and whose remuneration had not increased in the same proportion as that of manual workers. Both classes also were those which without any doubt paid their quota of taxation in full, which unfortunately could not be said of all sections of the trading community.

It was submitted that among the prime causes of inflation in this country were, not the payment of increased salaries or remuneration to clerical workers or commissions to senior staff based on contractual obligations but the large profits made by individual traders, many of whom were skilled in the avoidance of tax payments, the large payments by Government and the high salaries offered at the moment by the Defence Services and Government Departments, and the greatly increased earnings of industrial workers.

The provisions of Clause 5 appeared to indicate that Government did not properly appreciate that commercial organizations remunerated their employees under widely differing systems. Some, particularly in large companies, received salaries with regular annual increments, and Provident Funds and very frequently pensions on retirement. In such firms the employees were not accustomed to receive bonuses or commissions and, in fact, were not concerned with the profits in any way. On the other hand, there were many firms and companies whose employees depended to a considerable extent, on extra remuneration—whether by way of bonus or commission—which was based on profits earned, and it was these people who would be particularly hard hit if the rules as drafted were brought into force. Many of these firms were passing through a severe depression for several years before the war and the employees in question did not receive any appreciable sum by way of bonus or commission. Such men in times when profits were being made were only too

glad to seize the opportunity to save a modest competence against their retirement, and this section of the community, in the opinion of the Committee, was not the one responsible for the existing "inflationary tendencies."

It was noted that in respect of bonus to manual workers and dearness allowance to any employee it was proposed to make the rules applicable to any such payments after 30th November 1943, and in respect of bonus and/or commission payable to any employee other than a manual wage earner they were to apply to chargeable accounting periods commencing next after the 31st December 1942. The Committee's view of this was that the discrimination thus shown against the non-manual wage earner was unjustifiable, but in any event they desired to state that, if the rules were brought into force, they strongly objected to their being made retrospective. They should not come into force, whether in the existing or any amended form, before the beginning of the next fiscal year, viz., 1st April, 1944.

The Committee then referred to certain details of the draft rules and made observations thereon. For purposes of record the draft rules, the Committee's letters to the Associated Chambers and the Government of India and the proceedings of the special meeting of members are reproduced in the Appendices.

TRADE MARKS.

CALCUTTA REGISTRY.

(*See Reports* 1940, *page* 109 ; 1941, *page* 57 ; 1942, *page* 109.)

It was recorded in the Report for 1942 that the Chamber in addressing the Government of India suggested that the administration of the Trade Marks Act should be confined to the one centre of Bombay, thereby avoiding cross references between the two existing offices in Bombay and Calcutta, which might be productive of delay and confusion, and would assure the commercial community of the unanimity and continuity in the policy followed. The Chamber added that if the foregoing suggestion proved unacceptable to Government, they considered it was essential for the smooth working of the special provisions for the registration of textile trade marks that the Bombay Registrar should, in any case, have exclusive jurisdiction over that class of goods and that a separate section of the Trade Marks Registry should be constituted under the control of the Bombay Registrar.

On the 20th March 1943 a Bill was introduced in the Legislative Assembly to amend the Trade Marks Act, 1940.

In the statement of objects and reasons appended to the Bill it was mentioned that the Trade Marks Act, 1940, as amended in 1941, provided for the establishment of two independent

Registries at Calcutta and Bombay, with the jurisdictions of the two Registries defined on a territorial basis. Experience gained since had, however, revealed grave administrative difficulties in working the Act on account of the existence of dual authorities in respect of textile trade marks. It had been found necessary in the interests of sound practical administration to centralise registration of both textile and non-textile trade marks at one centre under the jurisdiction of a single authority. The Bill was intended to give effect to the above proposal as well as to remove a few obvious defects in the Act.

The amending Act was passed by both Houses of the Legislature and received the assent of the Governor General on 7th April 1943 (Act XV of 1943) and came into force on the 5th June 1943.

With a view to implementing an undertaking given by the Government of India in the Central Assembly, at the time of the discussion of the Trade Marks (Amendment) Bill, 1943, that such facilities would be provided for applicants at Calcutta as would make it unnecessary for them to attend the Bombay office, the Government of India on the 5th June 1943, published in a *Gazette Extraordinary*, a draft of the special provisions for the Calcutta Branch. In a Press *communique* issued on the same date, the Government of India stated that it had decided that the Deputy Registrar of Trade Marks, when appointed in accordance with the provisions of the Amendment Act, should be stationed at Calcutta. Pending such appointment, the Calcutta Branch would temporarily be in charge of an officer of gazetted status.

At the time of the debate on this matter in the Legislative Assembly on the 30th and 31st of March 1943, the undertaking given on behalf of the Government of India covered facilities for filing applications, inspection of Trade Mark Registers and hearing of objections in connection with disputes, by the Registrar in appropriate cases. There was no suggestion that the Deputy Registrar should be taken from Bombay and permanently stationed in Calcutta for this purpose.

In addressing the Government of India, Department of Commerce, in the matter the Committee pointed out that more than 80,000 trade marks had already been filed in Bombay, and unless the Registrar was in a position to delegate his powers to a Deputy Registrar in Bombay, it would be impossible for him to dispose of all these applications within a reasonable time.

The Committee were of the view that if in fact only one Deputy Registrar was to be appointed, he must definitely be

stationed in Bombay. If, however, it was considered necessary that an officer of that rank should be in charge of the Calcutta Branch, they recommended to Government that two Deputy Registrars should be appointed and stationed, one in Bombay and the other in Calcutta.

Beyond an acknowledgment of receipt of the letter no further communication was received from the Government of India on the subject.

When the Committee met the Commerce Member on the 6th December 1943 they referred to the matter and he replied that he would make enquiries as to whether the volume of work in the Department would justify a Deputy Registrar in Bombay.

TRADE MARKS.

Concurrent User.

In July 1943, following a reference from a member, the Committee requested the Chamber's representative on the Textile Trade Marks Advisory Committee to recommend to the Registrar that the permitted number of concurrent users for Class 23 (Yarns and thread) should be not more than 5, and for Class 24 (Piecegoods) not more than 9. It was understood that the Registrar of Trade Marks had himself already expressed approval of this suggestion.

TRADE MARKS JOURNAL.

In February 1943 the Chamber drew the attention of the Government of India to the fact that although the Registry of Trade Marks commenced accepting applications for registration on the 1st of June 1942, registration still remained incomplete as further progress was held up by the lack of a Trade Marks Journal in which such applications were to be published.

The Committee requested information as to what were Government's intention in this matter and when the publication of the Trade Marks Journal might be expected.

The Government of India replied that the publication of the Trade Marks Journal was held up on account of paper shortage and that arrangements were in hand for bringing out the publication at as early a date as possible.

The first issue of the Journal was published on the 1st September 1943.

TRADE MARKS.

Regrouping of Classifications of Textiles.

At a meeting of the Textile Trade Marks Advisory Committee held on 2nd February 1943, it was decided to refer to a Sub-Committee the question of regrouping of the various classifications included at the moment in the Fifth Schedule to the Trade Marks Act. The Sub-Committee duly submitted their proposals for regrouping in which the following principles had been followed :—

(*a*) All plain woven goods (excluding bordered goods) have been grouped together.

(*b*) Drills and twills have been grouped together.

(*c*) Chadars irrespective of their weave and finish have been grouped together.

(*d*) All dhoties and bordered goods have been grouped together.

(*e*) Duck, canvas, motor hood cloth and other cloths of similar weave have been grouped together.

(*f*) All flannelettes have been put in one classification.

(*g*) All striped shirtings have been grouped together.

(*h*) Lungis and sarongs have been kept in a separate classification.

(*i*) Towels of all sorts have been kept in one classification, and so on.

In response to an enquiry from the Chamber's representative on the Textile Trade Marks Advisory Committee, the Committee stated that they agreed with the suggested regrouping.

TRADE MARKS ACT AND INDIAN STATES.

(*See Report* 1942, *page* 115.)

It was recorded in the Chamber's Report for 1942 that the Committee had suggested to the Associated Chambers of Commerce of India that representations might be made to Government with a view to obtaining the introduction in the principal Native States in India of legislation similar to the Trade Marks Act which had been brought into operation in British India.

In March 1943 the Associated Chambers forwarded to the Chamber a copy of a letter which had been addressed to the Government of India on the subject in which it was stated that

so far as the Chambers were aware the existing trade marks legislation was confined to the Trade Marks Act, 1940, which applied to British India, and the Travancore Trade Marks Act which closely followed the trade marks legislation of British India as regards both the Act itself and the rules thereunder. Other Indian States were likely to follow the lead of British India and Travancore; and it was anticipated that the next few years would see a series of independent Indian State trade marks legislation measures. One effect of such a development would be to multiply the costs of protecting a trade mark throughout India as a whole. Already this aspect had attracted attention in consequence of the separate and substantial fees payable under the Travancore Trade Marks Act. The expense involved would be greatly increased by the adoption of corresponding legislation in other Indian States and the proposal which the Associated Chambers desired to place before the Government of India was that whatever influence could be brought to bear by the Government of India should be exercised in the direction of ensuring, preferably that the Indian States should come within the scope of the British India enactment, or that Indian State legislation was in line with that of British India; and, in either event, with reciprocal arrangements regarding the registration and other fees payable so as to avoid the almost prohibitive cost of separate and independent registrations in British India and the various Indian States. A hope was expressed that it would be possible for the Government of India to take this matter up with the States.

The Government of India informed the Associated Chambers that the matter was under their consideration and added that the British Indian Trade Marks Act could not be extended to Indian States. The question of reciprocity arrangements to be entered into with such States as had enacted suitable legislation and had made satisfactory arrangements for the protection of British Indian trade marks within their territories was receiving consideration in pursuance of section 83 of the Trade Marks Act, 1940.

At the annual meeting of the Associated Chambers of Commerce of India held at Calcutta on the 20th December, 1943 the following resolution, moved by the Madras Chamber, was adopted :—

"This Association invites the attention of the Department of Commerce to the need for an early settlement of the difficulties arising out of the necessity to satisfy the requirements of more than one registration authority in India and urges the Government of India to secure the acceptance of a common policy on trade mark registration as between British India and the various Indian States."

CONTROL OF LIFTS IN BOMBAY.

Draft Rules.

(*See Reports* 1934, *page* 70 ; 1939, *page* 97 ; 1940, *page* 103.)

It was recorded in the Chamber's Report for 1940 that the Electrical Engineer to Government had been addressed in regard to certain draft rules which the Government of Bombay had published under the provisions of the Bombay Lifts Act, X of 1939.

Many of the recommendations of the Chamber were adopted by Government in a revised set of draft rules published on the 24th September 1943. These draft rules were considered by a special Sub-Committee of the Chamber, who discussed them in consultation with the Executive Engineer (Electrical Division), Public Works Department, Bombay.

The special Sub-Committee put forward certain recommendations for amendment of the draft Rules. These recommendations were adopted by the General Committee and submitted to Government.

INSURANCE.

MARINE INSURANCE.

Definition of "British Insurance Companies."

In November 1943 a member drew the attention of the Committee to the question of the acceptance by the Exchange Banks in India of the marine insurance policies issued by Indian Insurance Companies. Usually the credits opened with the Exchange Banks by importers in the United Kingdom stipulated insurance by "British Companies" and the British Bankers Association defined this to mean "Insurance Companies whose Head Offices are situated in the United Kingdom."

The member requested the Committee's assistance in getting the banks so to alter the definition as to permit them to accept the policies of "any approved Company incorporated in the British Empire."

The Committee informed the member that they regretted their inability to support the request. The Committee understood, however, that a representation had been made to the British Bankers' Association and supported by the Eastern Exchange

133622

Banks both in India and in London, requesting the Association to ask all banks to notify their clients the correct definition of the words "British Insurance Companies," namely, "Companies registered in the United Kingdom" and in view of this to suggest that buyers opening credits should specify "insurance by United Kingdom and/or Dominion and/or Indian Insurance Companies."

Providing this proposal was adopted it would seem that the question would be satisfactorily settled from the point of view of all parties concerned as the negotiating banks would then be free to accept policies of all approved companies coming within this wider definition.

INSURANCE CHARGES ON GOODS SHIPPED TO WEST AFRICA.

In June 1943, certain shippers of goods to West Africa drew the attention of the Chamber to the fact that after a portion of their cargo had been loaded on a certain vessel due to sail from Bombay to West African ports, orders were received for the vessel to be diverted to another port in India before proceeding to West Africa. As a result the Underwriters demanded an additional premia of 7½ per cent. on account of war risk insurance and ⅜ per cent. on marine risk insurance. The shippers contended that as they had not been given the option of removing their goods, if they were not willing to pay the additional premia, they should not have been called upon to pay this amount and requested the Chamber to assist them in obtaining a refund.

The Committee replied that whilst they had every sympathy with the shippers they regretted that there was no action that the Chamber could take in the matter. They understood that it was the usual practice in the existing circumstances to sell on the basis that any increase in freight or insurance rates was for the buyer's account, and such loss as might have occurred should, therefore, be recoverable from the consignees.

FIRE INSURANCE PREMIA.

Rates for Mills and Factories.

In April 1943, in replying to a reference from the Associated Chambers of Commerce of India, the Committee supported a suggestion of the Upper India Chamber that an approach should be made to the insurance companies with a view to obtaining further rebates in the matter of fire insurance premia so far as it applied to buildings and stocks outside the actual mill or factory.

The Committee felt, however, that the scale of allowances already provided for various forms of fire protection in the mills and factories was extremely high and they did not consider that the case was sufficiently strong to warrant a representation.

The Chamber was subsequently informed that the Association had addressed the Calcutta Insurance Association (Fire Section) and pointed out that during the past few years under the orders issued by the Government of India, almost all mills had been compelled to augment very considerably their fire-fighting appliances for A.R.P. purposes. Very extensive training in fire-fighting had been given to a greatly increased number of fire-fighters ; trailer pumps in adequate prescribed numbers had been acquired and manned : stirrup pumps were plentifully available : water supplies had been improved and static tanks arranged ; and, generally the standard of fire-fighting appliances and personnel had been greatly increased. The industrial interests represented by the Associated Chambers felt justified in claiming that these measures, which had been taken on an organised basis in compliance with Government regulations, were sufficient to warrant, firstly, special consideration of the fire premium rates applicable to mills and factories which had not hitherto qualified for the fire appliances discounts and, secondly, the upward revision of these discounts where they already applied, for example on buildings and stocks outside the actual mill or factory.

The Associated Chambers requested that this matter might be given the fullest consideration by the Insurance Association in consultation with the sister Associations throughout India.

The Calcutta Insurance Association, Fire Section, in reply emphasised at the outset that there was a marked difference between the fire fighting protection required for A.R.P. purposes and that required for protection against ordinary fire wastage. The one was designed to give protection against an eventuality which could be said to be expected at a given time i.e., after an air raid warning had sounded : the other was designed against an eventuality which might happen at any moment but which might not occur for years or might never occur. Therefore, the equipment which might be very effective for A.R.P. purposes might not be—and in the opinion of insurance interests, in fact, was not—as effective in dealing with ordinary fire wastage.

There were two main types of A.R.P equipment : the stirrup pump and the trailer pump. The former was essentially a means of first aid and it was useful only in the very initial stages of a fire. By reason of the protection against an incendiary bomb which it had to give to the operator, it was somewhat cumbersome of construction and although it would doubtless be brought into operation very quickly by operators prepared for

just such an emergency, it was not thought that in the sudden emergency of an ordinary fire it would be as effective as the nest of water buckets and extincteurs required by the Insurance Rules.

The trailer pump was designed to combat a more serious fire. In skilled hands, provided it was of sufficient capacity, it could be very effective but its mechanism was complicated and it required continual maintenance by personnel having knowledge also of internal combustion engines; adequate petrol supplies must also be readily available.

The Insurance Association considered that sufficient had been said to demonstrate that the usefulness of A.R.P. equipment in dealing with ordinary fire wastage could be distinctly exaggerated. The provision of trained personnel (if such training was maintained after the existing period of emergency) and of improved water supplies was, of course, of obvious advantage where these were not previously provided although it was felt that many individual members of the constituent Chambers could claim with justification that their existing arrangements were adequate.

To sum up, therefore, whilst recognising that certain advantages accrued to them from the measures which had been adopted in premises which had not previously been protected, insurance interests were of the opinion that these were too nebulous to warrant any revision in the existing rates and discounts; rather did they feel that they were justified in offsetting these advantages against the additional risks they were accepting in the working of the mills under war time conditions. The operation of many types of industrial concerns on a basis of intense production inevitably increased the fire hazard and in addition the various Insurance Associations had already relaxed their normal standards in many directions in the general interests of the war effort.

Finally, it was mentioned that, despite the extensive A.R.P. equipment installed, experience in England had shown that there had not been any appreciable reduction in fire wastage.

In acknowledging the receipt of a copy of the above letter from the Calcutta Insurance Association, Fire Section, the Committee informed the Associated Chambers that they saw no point in making any further representation to the insurance companies on the subject of the fire insurance rates and drew attention to the view previously expressed by them that there was no case for increased allowances in recognition of the installation of fire fighting equipment for A.R.P. purposes, as the existing allowances were sufficiently high. The Committee at the same time noted that the further recommendation that additional rebates should be allowed in respect of buildings or stocks outside the actual mill or factory, had not been acted upon.

COMPULSORY INSURANCE OF MOTOR CARS AGAINST THIRD PARTY RISKS.

(*See Reports* 1937, *page* 136 ; 1941, *page* 139.)

At the annual general meeting of the Associated Chambers of Commerce of India held at Calcutta in December 1941, the following resolution was carried unanimously :

"That this Association urges upon the Government of India the advisability of postponing until after the war the introduction of Third Party Insurance of motor vehicles in India, having regard to the work and expense to the authorities, the general public and particularly the business community, which the bringing into force of Chapter VIII of the Motor Vehicles Act will entail."

The terms of the resolution and the report of the discussion which preceded its adoption were duly communicated to the Government of India. In a reply dated 15th November 1943, the Government of India intimated that it had been decided to postpone the operation of Chapter VIII of the Motor Vehicles Act, 1939, relating to the compulsory third party insurance until the 1st July 1946, *vide* the Motor Vehicles (Amendment) Act, 1943.

INADEQUATE MARKING OF CARGO FOR EXPORT.

Complaint from Underwriters.

In November 1943 the Bombay Underwriters' Association drew attention to the increasing incidence of theft, pilferage and non-delivery claims in respect of cargo exported from this country and stated that they had reason to believe that a fair proportion of claims paid were directly attributable to incorrect delivery owing to insufficient or inadequate marking of the cases. The Association stated that the situation had become aggravated by shipping companies having adopted the practice of clausing their bills of lading : "Marks not clear—Ship not responsible for correct delivery" in cases where the marks were indistinct. A reference to shipping companies had not produced the desired result as the attitude they took was that this clausing of their bills of lading merely brought to the shippers' notice the immunity the shipping company enjoyed under the Carriage of Goods by Sea Act in respect of loss or damage resulting from insufficient or inadequate marking.

The notice of all members was immediately drawn to the necessity of clearly and indelibly marking all packages shipped by them as otherwise insurers would have no option but to limit their cover to very restricted conditions in respect of goods not properly marked.

CUSTOMS.

TARIFF VALUATION.

IMPORTS.

In accordance with the usual practice, a meeting was arranged between the Deputy Economic Adviser to the Government of India and representatives of the Chamber for Friday, 5th November 1943, for the purpose of discussing his provisional proposals for import tariff valuations for the year 1944. As, however, it transpired subsequently that no member desired to offer any comments or criticisms on the proposed tariff valuations, the meeting was cancelled.

TARIFF VALUATIONS.

CESS ON EXPORTS OF CERTAIN AGRICULTURAL PRODUCE.

(*See Reports*, 1940, *page* 120; 1941, *page* 107; 1942, *page* 132.

The Deputy Economic Adviser to the Government of India met the members of the Chamber on Friday, 9th April 1943, and discussed with them his provisional proposals for tariff valuations for 1943-44 in respect of the commodities on which cess was leviable under the Agricultural Produce Cess Act. The new tariff valuations were published on the 10th June 1943, and came into force on the 1st July 1943.

INDIAN MERCHANDISE MARKS ACT.

TRADE DESCRIPTION OF COUNT.

(*See Reports*, 1938, *page* 55; 1939, *page* 220.)

In the *Gazette of India*, Part I, Section 1, dated 25th September 1943, the Department of Commerce of the Government of India issued a notification under the Merchandise Marks Act, publishing the following draft of certain amendments which it was proposed to make in Notification No. 1474 dated the 13th November 1891 in connection with the trade descriptions of count:—

Draft Amendments.

For Parts III, IV and V, of the said notification, the following shall be substituted, namely:—

"*Trade Descriptions of Count.*

III.—A trade description of count or number, length or weight, applied to *grey* or *bleached single or two-fold cotton yarn* other than that made wholly of waste, shall not be deemed to be false in a material respect, unless—

(*a*) (i) in the case of grey yarn the described count or number is greater or less than the actual count or number by more than 5 per cent., the actual count being equivalent to the average count of the yarn in one bundle; or

(ii) in the case of bleached yarn the count of the yarn in the grey state is not stamped on the bundle or the described count is greater or less than the actual count by more than 10 per cent., the actual count being equivalent to the average count of the yarn in one bundle: or

(*b*) (i) in a bundle of grey yarn, the average length of the whole number of single hanks is less than 830 yards and of double hanks is less than 1,660 yards; or

(ii) in a bundle of bleached yarn the average length of single hanks is less than 809 yards and of double hanks is less than 1,618 yards; or

(*c*) (i) in the case of a bundle of yarn of counts below 16s and not exceeding 5 lbs., in weight, the variation between the stamped and actual weights thereof is greater or less than two ounces or four ounces in the case of a bundle exceeding 5 lbs. in weight; or

(ii) in the case of a bundle of yarn of counts 16s and above, and not exceeding 5 lbs. in weight, the variation between the stamped and actual weights thereof is greater or less than one ounce or two ounces in the case of a bundle exceeding 5 lbs. in weight; or

(*d*) (i) in a bundle of yarn of any count under 50 described, as being 10 lbs. in weight, the number of knots of 20 hanks each is not half of, or the number of knots of 10 hanks each is not the same as, or the number of knots of 5 hanks each is not double, the described count or number of the yarn; or

(ii) in a bundle of yarn of any count under 50, described as being 5 lbs. in weight, the number of knots of 20 hanks each is not a quarter of, or the number of knots of 10 hanks each is not half of, or the number of knots of 5 hanks each is not the same as, the described count or number of the yarn; or

(iii) in a bundle of yarn of any count from 50 upwards, the number of knots of 20 hanks each is not half, or the number of knots of 40 hanks each is not a quarter, when the described weight is 10 lbs., or is not a quarter or an eighth, when the described weight is 5 lbs., of the count or number of the yarn; or

(*e*) in the case of bleached yarn the grey weight is not stamped or the described weight exceeds the actual weight by more than—

10 per cent. in counts up to 24;
8½ per cent. in counts from 25 to 40;
7½ per cent. in counts of 41 and upwards;

the allowance being 1 per cent. less than that specified in each of the above cases if the bleached yarn in the bundle is two-fold:

Provided that for the purposes of applying any of the sub-clauses of clause (*d*) to importations of single yarn in double hanks and of two-fold yarn in single and double hanks, one single hank of two-fold yarn, one double hank of single yarn, and one double hank of two-fold yarn shall be taken respectively as two, two and four hanks of single yarn, but the described count or number shall contain a definite indication that the yarn in the bundle is two-fold or in double hanks or both, as the case may be.

IV.—A trade description of count or number applied to a bundle of folded other than two-fold grey or bleached cotton yarn made wholly of waste or dyed cotton yarn shall be accepted as indicating length only, the hank being taken to measure 840 yards, and it shall be deemed to be false in a material respect if the average length of the hanks in a bundle is less than 809 yards.

V.—(*a*) A trade description of length applied to thread of any kind (of cotton, wool, flax or silk) shall not be deemed to be false in a material respect, unless it exceeds the actual length by more than 1 per cent.;

(*b*) A trade description of weight applied to cotton sewing or darning thread such as has been manufactured, bleached, dyed or finished in a premises which is a factory as defined in the Factories Act, 1934, shall not be deemed to be false in a material respect unless the described weight exceeds the actual weight by more than—

10 per cent. for units up to 0.05 of an ounce ;

5 per cent. for units between 0.05 and 0.5 ounce ;

3 per cent. for units exceeding 0.5 ounce ;

provided that a two-fold sewing or darning thread shall be considered as yarn."

In addressing the Government of India on the subject the Committee suggested that the tolerance percentages for cotton thread as proposed by the Government of India were far too restrictive for manufacturers to adhere to and if persisted with might result in it being impossible to sustain the law. They understood that the undermentioned tolerances in respect of cotton thread were the common trade practice in the United Kingdom and recommended that these should be permitted :—

For articles sold by length :—

10 per cent. for units up to 8 yards.

5 per cent. for units over 8 yards.

For articles sold by weight :—

10 per cent. for units up to ¼ oz.

5 per cent. for units over ¼ oz.

INDIAN MERCHANDISE MARKS ACT.

Marking of Cotton Yarn and Thread.

In the *Gazette of India*, Part I, Section 1, dated 31st July 1943, the Department of Commerce of the Government of India, in exercise of the powers conferred by sub-section (1A) of section 20 of the Indian Merchandise Marks Act, 1889, published a draft set of rules governing the marking of Cotton Yarn and Thread, for the purpose of giving effect to section 12(2) of the Indian Merchandise Marks Act as amended by the Indian Merchandise (Amendment) Act, 1941. The relevant part of the Amendment Act read as follows :—.

"(2) Cotton yarn such as is ordinarily sold in bundles, and cotton sewing or darning thread, which have been manufactured, bleached, dyed or finished in premises which are a factory, as defined in the Factories Act, 1934, shall not be removed for sale from those premises unless, in accordance with any rules made under section 20 of this Act, in the case of yarn the bundles are conspicuously marked....with an indication of the weight of yarn in each bundle and the count of the yarn contained in the bundle and in the case of thread each unit is conspicuously marked with the weight of thread in the unit and the grist number and, except where the goods are sold from the

factory for export from British India, unless each bundle or unit is conspicuously marked with the name of the manufacturer or of the wholesale purchaser in India of the goods."

As the publication of the draft rules indicated that the Government of India had decided to enforce the Act, the Committee in addressing the Government of India on the subject stated that in their view, it was essential before this was done that a further amendment of the Act should be made in order to bring it into line with the standard and long-standing practice of the trade.

The following were the points, which, in the opinion of the Committee, required amendment :—

(1) It was the custom of the trade to manufacture and sell cotton thread by length, not by weight. The public was accustomed to this practice and very considerable confusion would be caused to them if manufacturers were required to mark their products according to weight. Government specifications for the purchase of cotton thread invariably quoted thread by length and all purchases were made by Government on a length basis. Certain types of cotton thread were treated by special processes such as glazing, which added weight to the cotton thread. If goods were to be marked with an indication of weight, such special processes would lead to serious malpractices.

It was therefore essential that manufacturers should be permitted to mark cotton thread with the length per unit. There were, however, specialised trades where it was usual to mark cotton thread according to weight and there was no reason why this practice should not be continued.

The Committee recommended therefore that the Government of India should amend the Act to provide for the marking of cotton thread either by length or by weight.

(2) The Amendment Act provided that each unit should be conspicuously marked with the grist number. The term " grist number " was not employed by manufacturers or the trade, nor was it understood by the public. It was usual for cotton thread to be marked with a ticket number to indicate the thickness of the thread and it was therefore recommended that the term " grist " should be amended to read " ticket."

(3) The Act only referred to cotton sewing or darning thread. There were other important classes of cotton thread, viz., crochet and handicraft threads, in which malpractices could and did occur and which the Merchandise Marks Act sought to prevent in respect of cotton sewing or darning thread. It seemed

desirable to give the public and honest manufacturers the same protection in respect of these classes of thread as was afforded in respect of cotton sewing and darning thread.

The Committee recommended that the Act should be amended to read :—" Cotton sewing, darning, crochet or handicraft thread."

(4) The Act in its present form dealt only with thread manufactured, bleached or dyed in premises which were a factory, as defined in the Factories Act.

(*a*) There were many important producers of cotton thread who purchased the manufactured thread from factories and who themselves only finished it by winding into small units for retail sale and packed it into packets or boxes. The establishments of a fair proportion of such producers were quite considerable in size but as all processes were carried on without motive power other than hand, they did not come under the Factories Act and would not therefore be compelled to mark their products as required by the Act. Goods produced under these conditions differed in no way from goods produced on power machines. The Committee considered that the Act should be amended to include Indian-made sewing thread, wound and finished by such hand processes.

(*b*) In addition to the hand industry referred to above, there were a great many winding plants employing less than the scheduled number of 20 workers required to constitute them a factory under the Factories Act. These plants also conducted only the finishing processes of winding and packaging thread which had been manufactured in the factory. While individually small, their total output probably represented half the total output of this country.

In view of the fact that goods produced in the manner described under paragraphs (*a*) and (*b*) were sold side by side with goods produced in registered factories and no difference was made between them in the minds of the public, it would obviously be unjust not only to all honest manufacturers, but also to the public, not to require goods manufactured in all premises to be marked in the same way.

The Committee were therefore of the opinion that the opportunity should be taken to amend the Act to read " Cotton yarn such as is ordinarily sold in bundles which has been manufactured, bleached, dyed or finished in premises which are a factory as defined in the Factories Act, 1934, and cotton thread which is manufactured, bleached, dyed or finished in any premises shall not be removed for sale from the premises of manufacture, etc."

INDIAN MERCHANDISE MARKS ACT.

MARKING OF COUNTRY OF ORIGIN ON IMPORTED GOODS.

(*See Reports* 1937, *page* 87 ; 1938, *page* 53 ; 1940, *page* 111 ; 1941, *page* 111.)

In the *Gazette of India*, Part I, Section I, dated 31st July 1943, the Department of Commerce of the Government of India published a draft Notification—

(*a*) specifying the classes of goods which it was proposed should have applied to them in the English language on importation (where the goods had been imported) and at the time of sale, whether by wholesale or retail, an indication of the country or place in which they were made or produced ;

(*b*) laying down that where such goods were made or produced in one country and packed in containers made or produced in another, the indication should specify these countries if one or both of them were beyond the limits of British India ; and

(*c*) further laying down where such goods were partly or wholly made or produced in one country and partly made or produced or finished or processed or embellished or completed in another country or other countries, the indication if expressed as " Made abroad " or " Foreign made " or " Manufacture of different countries outside British India " should be deemed to be sufficient for purposes of the notification.

In addressing the Commerce Department on the subject the Committee stated that when considering the Merchandise Marks Amendment Bill, 1940, they approved of the introduction of the new Clause 12A covering this point which they thought would be beneficial.

Owing, however, to existing war conditions and the difficulty of the application of this section of the Act to goods manufactured in the United Kingdom, they were now very definitely of the opinion that this should not be brought into operation until the conclusion of hostilities. The Committee had one further comment to make in respect of Item, 13 in the Schedule—Timbers and manufactures thereof. The phrase " manufactures thereof " was in their opinion too wide a term. The actual manufactures intended to be included should, in their view, be indicated.

IMPORTS OF AFRICAN COTTON INTO INDIA.

RESTRICTIONS IMPOSED.

In February 1943, the Department of Commerce of the Government of India forwarded to the Chamber a copy of the following draft Public Notice which the Import Trade Controllers

at the Ports had been instructed to issue. It would be observed that the Open General Licences Nos. II and III issued under the Government of India in the Department of Commerce Notification No. 56-ITC/41, dated 23rd August 1941, would be withdrawn with effect from 1st March 1943, and that shipments made from the countries concerned (except Ceylon) on or after that date would have to be covered by individual licences which should be obtained on application from the appropriate import licensing authorities.

Draft Public Notice

" It has been decided to cancel Open General Licences Nos. II and III issued under Notification No. 56-ITC/41 dated 23rd August 1941, and importers are warned that no goods despatched on through consignment to India after the 28th February 1943 will obtain the benefit of these licences.

Imports which would otherwise have fallen under these Open General Licences must therefore be covered by special licences, and importers are advised to put in their applications in this behalf to the appropriate licensing authorities without delay.

In the issue of such special licences, the plea that the goods have been paid for will be considered by licensing authorities only if actual payment was made before 9th February, 1943 (on which date the Government of India issued a press note in this connection), or is made subsequently under an irrevocable commitment entered into before that date by opening a letter of credit.

The above, however, does not apply to imports from Ceylon which will continue even after 28th February 1943 to be covered by an Open General Licence on the basis of the present Open General Licence No. II."

As it was not till the 16th February 1943, that the members of the Chamber became aware of the above notice, the Committee, in addressing the Deputy Chief Controller of Imports on the subject, pointed out that it was reasonable to suggest that the date 9th February 1943 in paragraph 3 should in the circumstances be altered to the 16th February. The Committee expressed a hope that the Deputy Chief Controller would see his way to make a recommendation to the Government of India in regard to this.

Subsequently the Vice-President interviewed the Import Trade Controller, Bombay, and was informed that in spite of the Public Notice cancelling Open General Licences II and III, it was expected that licences would be freely issued to importers of Egyptian and Sudan cotton in regard to contracts entered into before 9th February 1942. The Committee in a telegram to the Chief Controller pointed out that cotton was arriving and blocking the transit sheds and added that at the interview of the Chief Controller with the Chamber on the 3rd December 1942 the former had stated that the appointment of a Deputy Chief Controller at Bombay was specifically made in order that full powers could

be delegated to him to grant licences in connection with the textile industry but the Deputy Controller professed his inability to issue licences without reference to the Chief Controller and while applications had been made to the latter no replies had up to then been received. The Chief Controller on the 20th March replied that the question of authorising the Deputy Chief Controller to issue import licences for raw cotton from Egypt, Sudan and British East Africa was under the active consideration of the Commerce Department and it was expected that orders would be issued very shortly. Meanwhile consignments arriving unlicenced could be cleared under Bond procedure.

On the 24th March the following Press Note was published in New Delhi :—

"Owing to the continued heavy demands for, and short supplies of, Egyptian, Sudanese and East African cotton, the Government of India, have decided that controlled buying in consultation with other consuming countries, is essential in the general interest and, to ensure for the Indian mills a fair share of the current year's crop.

It is proposed to give effect to this arrangement immediately. The import licensing system will be employed for this purpose. It is intended to empower the Deputy Chief Controller of Imports at Bombay to issue the necessary import licences, and a small advisory body representing both importers' and consumers' interests, will be appointed to assist him in this task.

Importers are warned that, whatever view Government may take of shipments already made without licence, any shipments of Egyptian, Sudanese or East African cotton made without licence after the date of this announcement will be liable to confiscation. Those who have entered into commitments prior to that date are advised to forward immediately, for the consideration of the Deputy Chief Controller of Imports at Bombay, applications in the usual form covering the quantities contracted for."

The Committee immediately telegraphed to the Chief Controller that large quantities of Egyptian cotton were ready for shipment and were being detained at Alexandria awaiting licences and pointed out that steamers which were waiting to load would probably sail without cargo. In view of the pending wastage of steamer freight the Committee strongly recommended that permission be given to ship without licences all cotton sold prior to the 24th March making licences applicable only to business done after that date.

On the 31st of March the Government of India issued the following Press Note :—

"It is understood that a certain quantity of shipping space will be available in East African ports for the loading of East African cotton in the next few days and that if it is not taken up at once it will be wasted.

The Government of India have accordingly arranged with the appropriate authorities that cotton awaiting shipment may be loaded in this particular space, preference being given to the old crop. The Government

of India are arranging to obtain particulars of consignments so loaded and the necessary import licences will be issued to cover them before the arrival of the goods."

The Committee telegraphed to the Chief Controller on the 1st April strongly urging that the above conditions should be made to apply to cotton awaiting shipment at Alexandria, as this was most important both for merchants and shipowners. The Committee at the same time stated that they understood that cotton shipped ex an Egyptian Port after the 1st and before the 24th March if not paid for before the 9th February or covered by a letter of credit would be released on payment of a nominal penalty. They pointed out that established firms did not open letters of credit but always paid in Bombay against documents or on arrival of the carrying steamers.

The Government of India in reply stated that shipments of cotton from Egypt could not be permitted until the consignments were covered by import licences but the possibility of giving special consideration in respect of import licences to consignments for which freight contracts were placed before 24th March 1943 was under examination.

In the meantime the Government of India prescribed a new form of application for a licence to import raw cotton from Egypt, Anglo-Egyptian Sudan and British East Africa.

The Deputy Chief Controller informed the Chamber on the 27th April 1943 that in view of the representations made that the Press Note was not available at the port until some time after the 9th February 1943, the Government of India had agreed that the critical date, the 9th February 1943, for prepayment licences in regard to imports from British East Africa and New Zealand might be extended to the 13th February 1943 as was the case at the moment in respect of imports from South Africa.

In a notice published by the Commerce Department at the end of September 1943 importers of Egyptian cotton were advised that, pending arrangements for the procurement of India's requirements, no order should be placed or commitments made regarding the purchase of cotton in Egypt. It was decided that import licences would be issued to cover only such orders as were passed by the Deputy Chief Controller of Imports, Bombay, who would take into consideration the total requirements of the mills in India and also the price at which an order was proposed to be placed. Importers were recommended, therefore, to refrain from taking any steps for the purchase of cotton in Egypt without prior consultation with the Deputy Chief Controller. They were also asked to advise their Egyptian exporters of the danger of making speculative purchases on an optimistic view of India's requirements or of the prices likely to be obtained.

TEXTILE GOODS.

SUGGESTED PROHIBITION OF EXPORT FROM INDIA.

In February 1943 Mr. E. L. C. Gwilt, M.L.A., requested the Chamber's views on an unofficial resolution which had been tabled in the Legislative Assembly recommending the Governor General in Council to prohibit the export of textile goods from India till such time as the needs of the people of the country were fully met.

The Committee requested the European Group in the Central Legislature to oppose the motion as the total prohibition of export was unnecessary in view of the approval of the introduction of the standard cloth scheme, the tightening up of the quota system and the proposed appointment of an Advisory Panel to assist the Export Trade Controller.

The resolution was negatived by the Assembly.

RAILWAYS.

RAILWAY CLASSIFICATION OF GOODS.

AMENDMENT IN RESPECT OF CERTAIN COMMODITIES.

(*See Report* 1942, *page* 137).

During the year under review the Chamber was asked by the Indian Railway Conference Association for its views in regard to various proposals which were put up for discussion at the meetings of the Commercial Committee in connection with the amendment of the General Classification of Goods. After consulting the Docks and Railways Sub-Committee in each case, the Committee approved most of the proposals, and except in the cases mentioned below, offered no comments :—

Carbon Blocks and Carbon Pastes (*January* 1943).—The Committee agreed with the recommendation of the East Indian Railway that bricks made from gas carbon or pitch coke, for lining electric furnaces should be classified 2 R.R. 1 O.R. with the addition of the " L " condition, i.e., loading and unloading to be done by owners.

In June 1943 the question was again referred to the Chamber by the Indian Railway Conference Association for reconsideration in view of a representation received from the B. & A. Railway who contended that as the carbon blocks which were used for lining aluminium reduction furnaces, served as conductors of electricity and so literally came under the definition of " media by which the electricity is conveyed into the solution of bauxite

in cryclite." The B. & A. Railway contended that the articles should be charged as " Electrodes carbon " indexed to Electrical Appliances and fittings, Div. ' A,' viz., 6A R.R. and 5 O.R.

After again consulting the Docks and Railways Sub-Committee and members interested, the Committee informed the Indian Railway Conference Association that they supported the proposal of the B. & A. Railway.

Duplex Board, Triplex Board and Ticket Board. (*April* 1943). —In response to an enquiry from the Indian Railway Conference Association, the Committee stated that they saw no justification for a proposal of the East Indian Railway to classify duplex board, triplex board and ticket board at 1 R.R. In their view the articles in question were much more analogous to pulp board than to mill board or straw board. Mill board and straw board were classified 1 R.R. and pulp board 2 R.R. when in bales and bundles, and 4 R.R. when in cases.

Furthermore, the Committee could not see that anything would be gained by splitting up the entry "Mill board or straw board n.o.c." Some factories manufactured both and it would mean that station-to-station rates would have to be calculated under two heads.

Life Belts and Life Buoys (*May* 1943).—The Bengal Nagpur Railway recommended that life belts and life buoys should be classified at 6 R.R.

The Committee, however, considered this classification too high and in informing the Indian Railway Conference Association to this effect they pointed out that cork, kapok and canvas from which life buoys and life belts were made were classified as 4 R.R. Boats which were even more bulky were also classified as 4 R.R. and it seemed reasonable, therefore, to charge life belts and life buoys in a similar category.

" *Casting Powder* " (*May* 1943).—The O. & T. Railway recommended that " casting powder " should be classified under Chemicals (not explosives) N.O.C., at class 8 R.R. The Committee replied that since casting powder was a similar commodity to " moulding powder " it should be classified as 2 R.R. which was the existing classification of the latter commodity.

PIECEGOODS TRANSPORTED BY RAIL.

Packing Conditions.

Towards the end of December 1942 the Chief Traffic Manager of the G. I. P. Railway in addressing the Chamber in regard to the existing packing conditions for piecegoods stated that it was understood that on account of the shortage of iron hoops a position

might arise when it became necessary to utilize some other method of securing bales of press-packed piecegoods, such as coir ropes. The existing entry in the General Classification of Goods relating to piecegoods, press-packed, read as follows :—

" Piecegoods, cotton, woollen or artificial silk, with or without common metal, brass or tinsel thread edging, false or imitation lace, in bales press-packed and bound with iron bands or steel wire or packed in boxes or cases."

From this it would be seen that in order to secure the lower rates applicable to piecegoods press-packed, as compared with those for piecegoods not press-packed, it was necessary either that the former should be packed in boxes or crates or be in press-packed bales bound with iron bands or steel wire.

In view of the shortage of iron hoops it was proposed to permit the use of other bindings, although it was obvious that such other bindings could not be so satisfactory from the railway's point of view as the use of iron hoops. To achieve this object it was proposed, firstly, to delete the words " and bound with iron bands or steel wire " from the existing entry in the General Classification of Goods. If this was done the existing definition of P/20 condition (appearing at pp. 490 and 491 of the Indian Railway Conference Association Goods Tariff) would require amplification. This condition at the moment made provision for imported piecegoods and for bazaar-packed bales of piecegoods, and it was proposed to add to it the following provision relating to Indian mill press-packed bales of piecegoods :—

" Indian mill press-packed bales of piecegoods, cotton, woollen, silk or artificial silk.

(1) Must be bound with iron bands or steel wire;

(2) Each bale must have the name of the consignee and the station of destination clearly painted on it."

The result of the changes suggested above would be that bales of press-packed piecegoods secured by bindings other than iron bands or steel wire would be accepted and charged at the rates for piecegoods, press-packed, subject to Risk Note Form A being executed.

The Chief Traffic Manager inquired whether the Chamber supported the above proposals.

After consulting members interested the Committee informed the Chief Traffic Manager that they were in agreement with the suggested alterations.

DIVERSION OF RAIL TRAFFIC TO COUNTRY CRAFT.

In January 1943 the attention of the Chamber was drawn by the Jamnagar and Dwarka Railway to certain arrangements which had been made for the through booking of traffic between Karachi and Kathiawar and Gujerat by means of country crafts from Karachi to Bedi and then onward by rail to any station in India. It was expected that the scheme would be extended to Bombay.

Subsequently, the Chamber was asked by the Government of Bombay for its views on a proposal which was being considered by the Transport Advisory Board, Bombay, to close all goods booking between Bombay and Kathiawar (stations beyond Viramgam) in order to force all the traffic on to the sea route. The volume of traffic from Bombay to Kathiawar was estimated at about 250 tons per day and that from Kathiawar to Bombay at 110 tons per day. All this traffic could be conveniently handled by the available country craft. Besides, the diversion of all this traffic to country craft, would result in a saving of about 18 wagons daily.

This question was considered by the Standing Committee at its meeting on 6th January 1943. The Advisory Panel of the Committee were of opinion that the scheme might work provided (*a*) that the freight rates were reasonable and (*b*) that the cargo could be insured against marine and war risks at reasonable rates.

(*a*) A slight increase in the cost of transport of goods by sea in country craft would, it was considered, be tolerable but it was necessary to provide against the owners of country craft unduly exploiting their advantages once the rail route was closed. Further, it was considered important that the freight should be known in advance and should not be left to bargaining at the time of each consignment.

(*b*) At the moment, cargo carried by country craft was not usually insured against either marine or war risk. It would not, however, be proper to compel the movement of cargo by country craft without adequate facilities for insuring the goods against marine and war risks at reasonable rates, as no bank would finance cargo without full insurance.

The Country Craft Organization Officer, Bombay, was of the opinion that it should be possible to arrange for reasonable freight rates for movement of goods by country craft provided cargo was available regularly and in sufficient quantity. Arrangements could also be made through reliable small shipping agencies for handling the entire sea-cum-rail movement between any place in Kathiawar and Bombay at reasonable rates. It might not, however, be possible to provide indemnity against partial or total loss of the cargo while in transit.

As regards war risk insurance, the Government of India had already been moved to arrange for the ordinary war risk insurance premium on carriage and storage for goods to cover shipment by country craft. It was understood that this question was under their active consideration. Full marine insurance for cargoes of country craft presented many difficulties and might not be so easy to arrange.

In reply the Committee stated that the enforcement of immediate cessation of all rail traffic between Bombay and Kathiawar would be inadvisable. Whilst they fully realized the desirability of doing everything possible to encourage the transport of goods by country craft, thereby diverting to a certain extent traffic from the railways, they considered that any attempt to attain this end should be introduced gradually and that a proper Country Craft Organization should be functioning satisfactorily before any effort was made to force traffic compulsorily on to that route.

The Committee added that they presumed that the scheme would be feasible for only certain kinds of cargo as some goods would be of too perishable a nature to be transported by country craft and they therefore called for further information from the Transport Advisory Board in regard to the class of goods expected to be moving between the two areas which might be diverted to the country craft route.

In reply the Board of Transport forwarded a note by the Country Craft Organization Officer, Bombay, which explained the existing facilities for the movement of goods between various ports on the west coast from Karachi to Cochin by country craft and giving the cost of transport of certain kinds of goods between Bombay and various places in Kathiawar by this route. The Board also forwarded a list prepared by the B.B. & C.I. Railway showing the commodities that had been conveyed by country craft and stated that booking by rail between Bombay and stations in Kathiawar beyond Viramgam should be closed during the fair season so far as the commodities shown in the list were concerned and that these commodities should be diverted to country craft.

In this connection the Board pointed out that the Government of India had arranged for the reduction of the war risk insurance rate on goods carried between Bombay and Karachi by country craft to one per cent. subject to ten per cent. discount to the shipper.

In replying to the Board of Transport the Committee stated that many of the objections in the original scheme had been met and the proposals had their approval in principle. The

particular attention of Government was, however, drawn to the difficulties that would arise in obtaining adequate insurance cover. Almost without exception insurance companies who were covering cargo shipped by country craft would only do so on F.P.A. terms, including the risk of jettison if necessitated by stress of weather only. It was not possible, for example, to cover on W. A. terms, which would include the risk of seawater damage, and few, if any, companies would cover theft, pilferage, breakage, non-delivery, rain, water, hook or oil damage.

It would readily be appreciated that the absence of adequate cover for the risks mentioned was a serious matter and would militate against the success of the scheme for diversion of traffic to country craft.

The Committee pointed out further that they considered no consignor should be compelled to despatch goods by country craft after the 30th April in each year, so in any event it would be necessary for rail booking to be reopened by the 1st May. As there were then only two months of the "fair season" left, it was advisable that rail booking should not be closed during that season and that in the meantime the important matter of adequate insurance cover should be discussed with the Bombay Underwriters Association.

DISCOURAGEMENT OF LONG-DISTANCE TRAVEL BY RAIL.

In July 1943 the Chamber was furnished by the Railway Board with a circular letter that had been addressed to all Provincial Governments regarding the discouragement of long-distance travel by rail. This letter which read as follows, was circulated among members of the Chamber :—

The curtailment of passenger services on railways made originally to reduce coal consumption, and continued for that reason and to make way for important war traffic, has caused congestion and overcrowding to an extent which frequently prevents officials, both civil and military, from being able to undertake journeys without some delay. The Railway Board and individual railways have endeavoured through the medium of the Press and by advertisements and posters to discourage travel by the general public. In spite of this, however, congestion persists.

The matter was considered at a recent meeting of the Central Priorities Committee at which it was decided that Provincial Governments and the Departments of the Central Government should be approached with a view to enlisting the voluntary assistance of their officers and staff in curtailing journeys to and from hill stations to the minimum. The Defence Services have linked certain hill stations and leave areas with definite areas in the plains so as to reduce to the minimum the amount of travel involved and journeys contrary to these plans will be permitted only in very exceptional circumstances.

It is not possible to regulate public travel in the manner adopted by the Defence Services. A considerable contribution could be made, however, if Government servants and their families were to restrict their travel to hill stations and holiday resorts to those nearest to their headquarters, and the Railway Board would request Provincial Governments to issue an appeal to their servants accordingly.".

The Committee pointed out to the Railway Board that, in their view, much unnecessary travelling was undertaken by officials, both civil and military, and suggested that enquiries should be instituted with a view to reducing this class of unnecessary travel. To this the Board replied that the suggestion would be given consideration.

DELIVERY OF GOODS ON SUNDAY AT WADI BUNDER GOODS' DEPOT.

(*See Report* 1940, *page* 136.)

Towards the end of September 1943 the Chief Traffic Manager of the G. I. P. Railway informed the Chamber that the response of the mercantile community to the arrangement of Sunday delivery at Wadi Bunder had been very poor. The number of deliveries on Sundays for the year ending September 1943 averaged less than 66 per day as compared with nearly 400 on a normal working day. This did not justify the cost of the additional staff that had to be provided and it was therefore proposed to discontinue the arrangement.

The Chief Traffic Manager requested the Committee's comments on the proposal.

The Committee in reply stated that in their opinion the cost of the additional staff necessary for Sunday deliveries from Wadi Bunder must form a very small proportion of railway expenditure at the present time and these deliveries should not, therefore, be discontinued merely as an economy measure. They did not consider, however, that the taking delivery of consignments on Sundays should still be optional and recommended that whilst the existing scheme should be continued Sunday should be cancelled as a '*dies non*' for wharfage purposes.

The Chief Traffic Manager stated that the alternative suggested by the Chamber had been previously considered by him and that if the Railway Administration had anything to gain by forcing Sundays into wharfage, he would not hesitate to take the action recommended. But the actual position was that all inward loaded wagons could be released on Sundays without causing congestion in the sheds for Monday deliveries. This was brought

about by the relatively light volume of traffic which had been arriving for some time past into Wadi Bunder. Should the traffic increase to an extent which caused embarrassment in clearing the sheds, and if traffic was held up over the week-end, the position would be reviewed.

The Chief Traffic Manager added that in existing circumstances, there was no justification for the employment of a large number of staff for Sunday duties in the inward sheds, and he proposed therefore to discontinue deliveries on Sunday, except for perishables and urgent military goods, with effect from 1st December 1943.

POSTS, TELEGRAPHS AND TELEPHONES.

THE AIRGRAPH SERVICE.

(*See Report* 1942, *page* 143.)

Towards the end of 1942, the Director-General, Posts and Telegraphs, issued a notice withdrawing the free supply of airgraph forms to the public. It was stated that owing to the extremely grave paper shortage it had been decided to sell airgraph forms with stamps of the appropriate value affixed by the Post Office. In November 1943 a further notice was issued to the effect that embossed airgraph forms of 3 annas and 8 annas denominations would be available for sale at certain important post offices on and from the 1st December 1943 and at other post offices from a later date. Ordinary airgraph forms to which adhesive stamps of the appropriate value were affixed would also continue to be sold at all post offices until further notice. Refunds would be allowed of the value of the postage stamp affixed to spoilt airgraph forms or embossed on them, subject to a deduction of one anna for each form.

TELEGRAPHIC ADDRESSES.

(*See Report* 1941, *page* 131.)

It was recorded in the Chamber's Report for 1941 that the Madras Chamber had brought to the notice of the Associated Chambers of Commerce of India that the Post Office authorities at Madras had refused to accept a telegram addressed to Cochin with only the name of the company as the telegraphic address for the company had not been registered at the latter place and therefore the telegram was considered to be insufficiently addressed.

The Committee informed the Associated Chambers that in their view the complaint in respect of the Cochin Post Office was one that should be taken up with the Madras Head Post Office and was not a question of all-India importance.

The Associated Chambers, however, addressed the Director-General of Posts and Telegraphs in the matter and stated that they held the view that provided the address which was included in the telegram was sufficient to enable the department to effect delivery irrespective of whether a telegraphic address had been registered or not no question should arise and that there certainly should be no compulsion in the matter of telegrams, intended for a company, being addressed to a specified person.

The Director-General in reply informed the Association that it was regretted that he saw no reason to alter the decision arrived at previously—the decision presumably being that (*a*) telegrams addressed to a company with no registered telegraphic address must bear the full postal address of the company and (*b*) that a telegram intended for a company must be addressed to a person by name or designation. So far as was known, these "regulations" were not being strictly enforced but if any cases of hardship or unreasonableness on the part of the Telegraph Authorities were known to the constituent Chambers, the latter were requested to report them.

AIR MAILS BETWEEN INDIA AND THE UNITED KINGDOM.

Towards the end of February 1943 intimation was received from the Associated Chambers of Commerce of India that in the course of correspondence with the Director-General of Posts and Telegraphs regarding the need for speeding up the transit of air mails between India and the United Kingdom, it had been explained that as regards the air-cum-surface civil mails, there was a big hold-up owing to the operations in North Africa; that all mails delayed on this account had been received by early February; and that the question of bringing about an improvement in the service had been taken up strongly with the British Post Office. The Director-General of Posts and Telegraphs hoped that notwithstanding the difficulties involved the improvement for which he had pressed would make itself felt.

It was also understood that at the instance of the President the Director-General of Posts and Telegraphs was examining the possibilities of an extension of the air mail letter card service which was at the moment confined to troops. Owing to the limited transport facilities available he was not hopeful that the load capacity would be sufficient to permit of this service being extended to the general public; but he had given an assurance

that the Department of Posts and Telegraphs would do all in its power to secure further and improved facilities for the business public in India as soon as the position permitted.

A Press note issued in October 1943 stated that it had been officially announced that the one shilling and three pence air mail service to India and Ceylon was at the moment liable to considerable delay. While it was not proposed to suspend the service on account of temporary dislocation, the public was strongly recommended not to send correspondence by this means until further notice. The Chamber was also informed that air mails from India to England were subject to similar delays and members were advised to refrain from using the air mail service for the time being.

TRUNK TELEPHONE SERVICE.

(*See Report* 1942, *page* 140.)

It was recorded in the Chamber's Report for 1942 that in reply to a reference from the Associated Chambers of Commerce of India in connection with the difficulties experienced by non-official telephone subscribers in obtaining long-distance trunk calls during business hours, this Chamber suggested that the Association might enquire of the Director-General of Posts and Telegraphs as to what progress had been made in connection with the telephone development scheme which had been undertaken by Government and on completion of which it was hoped that a sufficient number of channels would be available to meet all needs.

The President of the Associated Chambers took up the matter with the Director-General and was informed that instructions had again been issued to all Departments of the Central and Provincial Governments to make the most sparing use of the trunk telephone service. As regards the telephone development scheme, the Director-General explained that it was based on a two-year programme, that its progress depended largely on the availability of the necessary stores, and that it was not possible, therefore, at the moment to give any indication of how long it would take to become operative.

At the annual meeting of the Associated Chambers of Commerce held at Calcutta on the 20th December, 1943, the following resolution was moved by the Northern India Chamber and adopted :—

"This Association draws attention to the present almost total exclusion of business interests from the use of the trunk telephone service as an instrument for the transaction of business and recommends that a period of two hours be reserved daily for commercial trunk calls during which period only the highest priority calls will be accepted from selected departments and officials of Government and of the Forces."

MARINE.

FAULTY REMARKS ON BILLS OF LADING.

(*See Reports* 1926, *Volume I, page* 254 ; 1931, *Volume I, page* 206 ; 1936, *page* 172 ; 1941, *page* 147 ; 1942, *page* 144.)

In December 1942 a complaint was received from a member in regard to the following endorsement made by a coastal line of steamers on all bills of lading irrespective of the condition of the cases :—

"Liable to be broken in transit, not responsible for wastage and shortage of contents."

It was also mentioned that the company refused to hold surveys on the strength of the above remark.

An unofficial approach was made to the agents of the steamship company concerned, who were not members of the Chamber, and they stated that due to shortage of packing materials, second-hand packing cases were being generally used, with the result that shipping companies had to protect themselves by passing suitable remarks warranted by the condition of the packing. In order, however, to remove any hardship caused to shippers and consignees, the company had issued instructions to all its offices to grant without prejudice "survey" or "examined delivery" if so required by consignees.

DELIVERY OF UNMARKED BALES OF COTTON BY STEAMSHIP COMPANIES.

In May 1943 a member requested the views of the Committee on the following question :—

Fifty bales of cotton were received by the member ex a steamer. Of these, 47 were according to the marks stated on the invoice and the bill of lading but the remaining three that were offered to them by the steamship company were bales with no marks and containing a considerably inferior cotton to the others. The steamship company stated that they held a letter of indemnity to the following effect :—"Bales covers torn. Contents exposed. Ship not responsible for illegibility of marks and numbers," and in view of this letter of indemnity they insisted on the firm taking the three bales offered to them.

The member enquired whether the steamship company could compel them to take over the bales without marks.

The Committee in reply stated that the dispute would appear to be a matter for settlement between the shipping company and the consignee. If the consignee was satisfied that the goods tendered were not those to which he was entitled under the bill of lading, he had the option of taking the matter to Court, and the shipping company would then have to prove that the three bales with no marks were the actual three bales received for shipment under the bill of lading. It was noted that the shipping company were said to hold a letter of indemnity, presumably granted by the shippers, but the consignees would not appear to be concerned with this letter of indemnity and the shipping company would have to claim against the shippers in respect thereof.

The Committee added that in any case it would seem that the wisest course for the member to adopt would be to address their shippers direct in the matter without formally renouncing their claim on the ship, as the shipper was in fact the only party from whom final compensation was likely to be obtained.

PERSIAN GULF LIGHTING SERVICE.

(*See Reports*, 1925, *Volume I, page* 218 ; 1927, *Volume I, page* 170 ; 1928, *Volume I, page* 194 ; 1929, *Volume I, page* 186 ; 1930, *page* 183 ; 1931, *page* 231 ; 1933, *page* 264.)

In replying to a reference from the Chamber's representative on the Persian Gulf Lighting Service Advisory Committee, the Committee stated that the consensus of opinion was that a Light was necessary on "Stiffe Bank," more especially in view of the number of ships at present engaged in the Persian Gulf as compared to pre-war days and the consequent number of mercantile marine officers who had had no previous experience of this area.

PORT TRUST.

FREE DAYS ALLOWED FOR STORAGE OF CARGO IN THE DOCKS.

During February 1943 the Chamber was asked for its opinion by the Bombay Port Trust on a proposal to reduce the number of free days allowed for storage of cargo in the docks under Section III, paragraph A, sub-paragraph (*a*) of the Bombay Port Trust Docks Scale of Rates.

Owing to war developments the nature of the traffic passing through Bombay Port had changed materially in the course of the last 5 or 6 months. Formerly, exports formed a considerably greater proportion of the total traffic dealt with whereas now imports far exceeded the exports. Under the old conditions as soon as an export ship had completed loading, the shed and quay space were automatically cleared and ready to receive imports, whereas now at most berths import ships followed each other in quick succession and it was not possible to alternate the berths between import and export cargoes. Thus unless import cargoes were cleared by the time the ship completed discharge, sheds could not be used immediately for another import cargo.

The Port Trust stated that it was observed that in many, if not all, instances, consignees took full advantage of the free days allowed under the rules. This period only counted from the date which was declared as the " General Landing Date " of the vessel discharging and which fell, as a rule, on or after the third day of discharge. In practice, this meant that normally little or none of the cargo discharged before the declared day was delivered before the 7th or 8th day of discharge. The result was that towards the end of the discharge of the ship, the sheds became congested and the working was slowed down as the free days never expired before the completion of the discharge. On most ships the last free day fell at least two or three days after the ship had finished and the berth was useless as a discharging berth for a number of days after the previous ship had completed.

In the opinion of the Port Trust the concession of free days was definitely preventing the fullest use being made of the facilities of the Port and the expeditious discharge of cargo steamers, which would probably arrive in considerably larger numbers than ever before. All the indications were that the proportion of imports to exports would increase even further and it had therefore been suggested that, *for the duration of the war*, the free period should be reduced from 5 to 3 days or as an alternative Sundays and holidays should be included within the free period. The Port Trust pointed out in this connection that it had removed all restrictions and overtime charges for night and Sunday working.

After consulting both the Import and Export Sub-Committees of the Chamber, the Committee stated that so small a fraction of the total trade in the Port was at the present day of a commercial nature that any restrictions or alterations in the existing procedure would have little effect on the quick turn-round of shipping unless Government Authorities such as the Army, Navy and Supply Department, who were responsible for

the preponderating bulk of all imports, were able to expedite the taking delivery of cargoes consigned to them.

The Committee thought it was extremely doubtful if the reduction of free days from 5 to 3 would have any effect on these authorities. They were assured that it was rarely the case that consignees of commercial cargoes took advantage of the free days allowed and held up the work of the Port without very good cause. The majority of importers of commercial cargoes did not deliberately leave their goods uncleared, and most of the cargoes now arriving were urgently wanted, but the importer was frequently unable to arrange for earlier clearance as the cargo arrived before the documents and its discharge was only learnt of many days later from the shipping company, who conveyed the information not as a matter of duty but of grace. Also vessels were often diverted without notice for discharge at Bombay whereas documents would have been sent to consignees at other Indian Ports. Even when the documents had arrived there were delays in the Import Controller's office and the Customs. It was also suggested that the Port Trust Authorities themselves were responsible for some delay in the clearance of cargo as details of cargoes landed were not always promptly supplied.

The Committee were not therefore able to agree with the proposal as they were of opinion that the reduction of free days would impose a penalty on importers of commercial cargoes whose inability to take delivery was due mainly to reasons outside their own control, and the proposed reduction would not have the desired effect of expediting clearance.

LIABILITY FOR GOODS LOST WHILE IN THE POSSESSION OF THE PORT TRUST.

(*See Reports*, 1920, *Volume I*, *page* 179; 1921, *Volume I*, *page* 167; 1923, *Volume I*, *page* 182; 1924, *Volume I*, *page* 197; 1925, *Volume I*, *page* 230; 1926, *Volume I*, *page* 268.)

As complaints had been received from members of the Chamber that not only were many goods pilfered while in the custody of the Bombay Port Trust but that in some cases consignments landed on the Port Trust premises and not cleared from the Docks within the permitted seven days had disappeared when delivery had been demanded on a subsequent date, the Committee in December 1943, addressed the Port Trust in the matter. The Committee did not contest the Bombay Port Trust's right of protection from liability under the provisions of section 61A(2) of the Bombay Port Trust Act, but they drew the Trustees' attention to the fact that in many cases it was impossible to clear the goods within the period of seven days owing to the non-

availability of invoices, late arrival of import licences, etc. Such delays were not due to any fault of the importer and he was in an extremely unfortunate position when all parties holding the goods disclaimed liability for their safety.

The Committee suggested that this unsatisfactory state of affairs should be given urgent consideration by the Trustees and that instructions should be issued that more care should be exercised in the protection of property which the owners had been forced to leave in the charge of the Port Trust and also that the supervisory staff should be increased to enable a more careful check to be kept.

MUNICIPALITY.

MOTOR BUSES IN BOMBAY.

At a meeting of the Bombay Municipal Corporation held on the 16th August 1943, a resolution was moved requesting Government to permit other transport companies to run their buses or other vehicles for carriage of passengers in the City and thus remove the monopoly at present enjoyed by the Bombay Electric Supply and Tramways Co., Ltd.

Mr. H. Chamberlain, the Chamber's representative on the Corporation, moved an amendment to refer the matter to the Tramways Committee, but this was negatived and the original resolution was carried.

BUS AND TRAMWAY SERVICES IN BOMBAY

STAGGERING OF OFFICE HOURS TO PREVENT CONGESTION.

In August 1943, it was suggested to members that steps might be taken to stagger the office hours of their staffs and they were also requested to submit to the Chamber any suggestions they might desire to put forward which might relieve the peak load on the bus and tramway services. Subsequently the Committee, in replying to a reference from the Government of Bombay in the matter, suggested that much of the existing congestion in traffic could be remedied if the Bombay Electric Supply and Tramways Company were authorised to requisition more vehicles to be put on the road.

The Committee pointed out that the Bombay Electric Supply and Tramways Company was an essential service catering to both civil and military needs and there seemed no reason why this utility concern should not take advantage of the opportunity provided by the recent Government arrangement to release lease-lend vehicles for essential civil requirements. The Committee recommended that the Government of Bombay should apply to the Government of India for the release of the necessary vehicles to this Company.

The Committee also suggested that the Military Authorities should be requested to provide military transport for military personnel living outside the Fort area, from regular starting points, somewhat in the nature of an auxiliary bus service. This would relieve the B.E.S.T. bus service of the large percentage of military passengers.

In the meantime the Bombay Electric Supply and Tramways Co., Ltd., were asked by the Government of Bombay to make a census of all organisations employing a hundred persons and over in Ballard Estate, Fort and Sewri, and with this object in view certain firms were requested to furnish the Company with particulars of the number of their staff and the office starting and stopping time on week days and Saturdays.

A conference was held under the chairmanship of the Commissioner of Police on the 7th October 1943, at which the Chamber was represented by the Vice-President, MR. A. L. HUTSON.

After a protracted discussion the Chairman urged the imperative necessity of staggering office hours as the only solution of the over crowding problem and assured the members that Government would be prepared in that event to consider amendments to the Shop Assistants' Act to suit the requirements of the altered timings. The position of overcrowding between Byculla and Sewri was also reviewed. It was decided to circulate the statement showing the figures of peak traffic hours compiled by the B.E.S. & T. Co. and to hold another meeting, when the members were requested to bring forward concrete proposals for change of timings acceptable to them to meet the conditions of transport.

LABOUR.

TRADE UNIONS.

PROPOSED COMPULSORY RECOGNITION BY EMPLOYERS.

(*See Reports* 1937, *page* 197 ; 1938, *page* 147 ; 1942, *page* 150.)

On the 8th November 1943 a Bill was introduced in the Legislative Assembly for the purpose of amending the Indian Trade Unions Act (XVI of 1926).

In the Statement of Objects and Reasons appended to the Bill it was mentioned that trade disputes often occurred or were prolonged because an employer refused to recognise a trade union of his workmen.

The Royal Commission on Labour considered the question of the recognition of trade unions and gave the reasons for which employers were not inclined to recognise unions. These were that the union embraced only a minority of workers ; that another union was already in existence ; that the union had refused to dispense with the services of a particular official ; that outsiders had been included in the executive ; or that the union had failed to register under the Trade Unions Act. The Commission discussed these reasons and showed why all except the last were invalid. Deprecating obligatory recognition, it pleaded for recognition in the spirit as well as in the letter and expressed the view that "recognition may mean much, but it may mean nothing. No law can secure that genuine and full recognition which we desire to see."

The position had not much improved since the Royal Commission completed its report and it was felt that the time had come when the compulsory recognition of trade unions must be provided for by legislation. With all its limitations recognition by statute would at least clarify the position and give organised and well conducted trade unions the status they deserved. It might achieve much more.

The present Bill provided for the compulsory recognition of trade unions under certain conditions and defined what recognition would imply. Power was taken to set up tripartite Boards of Recognition which would report on the representativeness of trade unions and their fitness to be recognised. The main conditions of recognition would be that the trade union must have been a registered union for 12 months and that it must have previously applied to the employer concerned for recognition. Unions formed on a communal or sectarian basis would not be eligible for recognition. Besides laying down the basic conditions required for recognition, the Bill allowed for additional conditions to be imposed by the appropriate Government and power was given to the Central Government to issue directions to Provincial Governments in this matter.

Recognition would be granted or withdrawn by the appropriate Government after receiving a report from the Board of Recognition, where one was appointed or, in other cases, from the Registrar. Recognition would entitle a union to negotiate with the employer in respect of matters affecting the common interests of its members. The Bill also stated the obligations of employers consequent on recognition.

The Bill was carefully considered by the Committee in consultation with the Labour Sub-Committee of the Chamber and in

subsequently addressing the Labour Department of the Government of India they submitted the following comments thereon :—

Section 28A.—In this section it was proposed that the Central Government should be deemed the appropriate Government in respect of trade unions of workmen employed by Central Government, a Federal Railway, or *in a major port;* one interpretation of the last four words might be that all unions representing workmen employed in a major port town, would be dealt with by the Central Government. Another might be that the phrase covered all unions representing labour whose place of work was in a port or harbour area, for example, all factories within the Bombay Port Trust lands, while a third interpretation would be unions concerned only with Port Trust or Port Commissioners employees, and possibly the labour of contractors employed by a major Port Authority. The Committee could see advantages in the recognition of unions covering labour in major ports, being administered by the Central Government, as a war measure, but the phrase in question was far from clear, and would require elaboration in the final form of the Bill.

Section 28D(a).—This stated that all union members were workmen employed in one and the same industry. Section 22 of the existing Act provided that not less than 50 per cent. of the officers of a union should be actually engaged or employed in the trade or industry with which the union was concerned.

The Committee considered that the latter was a wise provision, but, on reading the two sections together, the query might be raised : "Must all officers of a union be members of it ?" If so, the new 28D(*a*) would overrule section 22. It was suggested that this point might be made clear in re-drafting.

The Committee considered that among the provisions of the Trades Unions Act, should be included a section covering the circumstances in which a recognised union might strike. At the moment the question of strikes and strike notices was dealt with by the Defence of India Act combined with the Trades Disputes Act, but this was a war-time arrangement only. It was submitted that an opportunity presented itself to cover the question of strikes and strike notices in framing the amendments under review and it was suggested that to the conditions governing the recognition of trade unions should be added the following :—

(*a*) A general strike should not be called unless a ballot had first been taken and—

(1) at least two-thirds of the workers had voted, and

(2) at least 50 per cent. of those voting had recorded their wishes in favour of a general cessation of work,

(*b*) Notice of not less than fourteen days should be given for a strike to an individual employer, and not less than one month in the case of a general strike.

(*c*) Submission of grievances both to the employer and to the Government Labour Officer and the use of all processes of negotiation should precede the submission of a notice to strike work.

(*d*) Unions must abide by the decisions reached by any mediation machinery agreed upon between the trade unions and employers, or association of employers.

Although the Committee appreciated that it would not be Government's intention to circumscribe too closely the conditions under which a union might be recognised, they did consider that the inclusion of three provisos which did not appear in the draft amendment would be both fair to the employer and in the interests of the *bona fide* trade union movement. They were as follows—

(*a*) Membership of unions should be purely voluntary,

(*b*) Recognised unions should not attempt to subvert discipline and should discourage the use of violence of any description.

(*c*) Recognised unions should not partake in union activities (including the collection of subscriptions) in the works premises or during working hours except to the extent mutually agreed upon between recognised unions and the employers or association of employers.

Section 28*H*.—Under this section, the Registrar called for the returns which he required from Trade Unions. The Committee considered that to this section could usefully be added a subsection that would require recognised trade unions to submit their accounts for Government audit at least once every twelve months.

Section 28*D*(2).—This dealt with the question of a "representative" trade union, and the Committee considered that this was one of the most important, if not the most important, feature of the whole Bill of Amendment. They recommended most strongly that a "representative" union must be defined on an All-India basis in the provisions of the Act itself and not left to be dealt with in rules to be framed thereafter by the Centre or Provinces.

The Committee submitted that a recognised trade union should be required to have as members of the union at least 25 per cent. of the employees in the industry concerned.

Section 32A.—The Committee held the view that the fine of Rs. 500 was unduly high, particularly for a small employer, and recommended that it should be reduced.

SICKNESS INSURANCE.

(*See Reports*, 1937, *pages* 193 *and* 354; 1940, *page* 181).

Towards the end of April 1943 the Chamber received from the Commissioner of Labour a copy of a questionnaire on sickness insurance issued by Professor B. P. Adarkar, who had been entrusted by the Government of India to prepare a rough scheme of sickness insurance.

In consultation with the Labour Sub-Committee of the Chamber the Committee gave detailed replies to the various questions and in doing so stated that in general they approved the principle of sickness insurance subject to certain provisos as to the basis of the scheme:—

(*a*) Such a scheme should be applied throughout the whole of India in order that industry established in British India should not suffer from the cost of this measure to their detriment, while competitors in Indian States were free of such a burden. It was realised that this proviso might entail postponement of the scheme for several years, but the point was considered of such importance that postponement would be justified.

(*b*) The scheme should be arranged on a contributory basis by the State, employers and employees.

(*c*) The question of holidays with pay was bound up so closely with that of sickness insurance that legislation on this latter subject should combine schemes for both.

(*d*) At the outset, the scheme should be confined to that class of labour which was sufficiently stable to remain in the same employment for a number of years and sufficiently responsible to contribute towards such benefits as they might receive.

(*e*) Inasmuch as a number of employers had already introduced schemes which provided sickness benefits for employees, such schemes should be allowed to continue at the option of employers provided the details of their individual schemes were approved by Government.

Towards the end of July 1943, the Officer on Special Duty, Sickness Insurance, requested the Chamber to send replies to certain supplementary questions in relation to the medical facilities at present provided by employers in certain industries.

After consulting the Labour Sub-Committee the Committee replied that they regretted their inability to advise on these matters until the medical and cash benefits proposed under Government's scheme were known to them.

DEARNESS ALLOWANCES TO STAFFS.

(*See Reports*, 1939, *page* 48; 1940, *page* 180; 1941, *page* 155.)

It was recorded in the Report for 1939 that in December of that year a special Sub-Committee of the Chamber was appointed to consider whether in view of the increased cost of living due to the war, a dear food allowance should be granted to the staffs of members. The Sub-Committee's report, which was adopted, recommended that an increase in the wages of the clerical staff should be delayed until it became evident whether or not the abrupt rise in the cost of living was likely to continue. They recommended, however, that in the case of small labour staffs, where the provision of grain shops was not practicable, and also of the menial staffs of commercial houses, a small temporary increase in the wages of employees drawing less than Rs. 100 per month should be made. In April 1940, the various letters received from members in this connection were again considered by the Committee and members were advised that it had been decided not to issue further recommendations in the matter, in view of the varying conditions of employment amongst member firms and the contrasting opinions held on this matter.

The position, however, gradually worsened and the working class cost of living index number as calculated by the Department of Labour of the Government of Bombay steadily increased till in April 1943 it was 225 as compared with 106 in September 1939. The Committee accordingly decided to review the position again and on 15th April 1943 circularised all members asking for a confidential statement of their existing arrangements including the rates of dearness allowance granted to labour, menial and clerical staffs and the limits of salaries up to which it was paid, and whether an annual bonus had been paid and to what extent and whether a grain shop or cheap food stores had been provided by the management.

The replies received from members were collated and summarised in a statement, copies of which were sent to those members who had supplied information. Thereafter an informal meeting of those members was held at the Chamber on the 31st May 1943 when the problem was further discussed. At the suggestion of the President it was agreed that a special Sub-Committee should be appointed to examine the problem further

with a view to seeing whether it might be possible for the General Committee to issue any recommendations to members, or at least indications of what seemed by common consent to be a reasonable scale of allowances under existing conditions. The report of the Special Sub-Committee was carefully considered by the General Committee who found that the information collected from members was of considerable value, and, moreover, was the only reliable information at the moment available in relation to middle class cost of living allowances. It was realised that if a middle class cost of living index were worked out this would be of great assistance, but it was felt that the preparation of this at that time would be a very difficult matter, not only as regards the collection of all the necessary data, but also because the prices of commodities to be embodied in the formula were reacting and, it was expected, would continue to react to Government's various control measures. The preparation of such an index would also necessitate the employment of investigators and the Committee did not consider that the practical value of such an index when compiled would justify the expense.

The Committee therefore decided that they could not give members any more reliable guide than was indicated by the averages of the allowances ascertained from replies to the questionnaire already referred to. These were communicated to members by circular and were given as percentages on basic salaries.

In 53 cases where cost of living allowances plus one month's bonus have been paid—

Menial staff earning Rs. 30 per mensem received 47 per cent. increase.

A clerk earning Rs. 100 per mensem received 26 per cent. increase.

A clerk earning Rs. 200 per mensem received 20 per cent. increase.

The Committee were of opinion that these allowances were adequate in existing conditions and they suggested that somewhere about these figures was the maximum necessary unless there was any further increase in the general cost of living.

Although no information was given as to the basis on which the allowances quoted were calculated, the Committee gave full consideration to the conditions generally obtaining in Bombay at the moment. They intimated that should there be any material change in them at a later date they would again review the problem with a view to giving some general guide to members if this was found practicable.

In the meantime, the Committee suggested that, since any increase in dearness allowances tended to increase the pressure of spending power, which Government was trying to reduce, members, and particularly those who were paying allowances equal to those shown, should endeavour to refrain from increasing these, at any rate until the effect of the Government's anti-inflationary measures became apparent.

— —

CLERICAL AND ADMINISTRATIVE PERSONNEL IN COMMERCIAL AND INDUSTRIAL UNDERTAKINGS LEAVING THEIR APPOINTMENTS.

Towards the end of June 1943, the Associated Chambers of Commerce of India informed the Chamber that the Government of India were taking steps in respect of their own clerical personnel to prevent drift for the purpose of securing higher remuneration from one office to another. It appeared to them that there was not an actual shortage of clerical or administrative personnel but that there was an increasing demand for clerical personnel with some experience and that, therefore, unless steps were taken there was likely to be a waste of man-power as a result of individual offices training clerks for their work who subsequently left them to better their prospects. The Government of India were not aware whether such tendency of drift was occurring in industrial and commercial undertakings and whether such undertakings had developed any schemes for preventing such drift, and they inquired whether the Association could, without making any detailed enquiries, give the Government of India information on the following points :—

1. Whether it was generally felt that there was any shortage in respect of clerical personnel in industrial and commercial undertakings—leading to undesirable competition as between various undertakings for available clerical personnel.

2. Whether, if such undesirable competition in fact existed, the Association had taken any steps to control it in so far as employment by members of the Association was concerned.

In replying to the above specific inquiries, the Committee informed the Associated Chambers :—

1. That there was a certain shortage in respect of trained clerical personnel in industrial and commercial undertakings, due in the majority of cases, to competition not from other commercial undertakings but from Government concerns, viz., the Defence Services, British and American. There had also been a certain drift of personnel from the older established banks and insurance companies, who had been attracted by the higher salaries being offered by newly established concerns.

2. That it had not been found possible to control the competition in question and the salaries offered by it, and the Committee inquired what steps the Government of India were taking in respect of their own clerical personnel.

GENERAL.

BURSTING OF THE MONSOON.

In September 1943 the Director, Colaba and Alibag Observatories, informed the Chamber that the Monsoon burst in Malabar on the 8th June 1943 and in Bombay on the 10th June 1943.

WEATHER WORKING DAYS.

The following days, during the monsoon months of 1943, were declared to be half or non-weather working days for vessels in the Docks—

Monday, 14th June	Half weather working day.
Friday, 18th June	Half weather working day.
Saturday, 19th June	Half weather working day.
Monday, 21st June	Non-weather working day.
Friday, 2nd July	Half weather working day
Friday, 9th July	Non-weather working day.
Saturday, 10th July	Non-weather working day.
Saturday, 17th July	Half weather working day.
Saturday, 24th July	Non-weather working day.
Tuesday, 27th July	Half weather working day.
Wednesday, 1st September ..	Non-weather working day.

The Deputy Conservator of the Port, in consultation with the Harbour Master and a representative of the Chamber, decided that the following days were half or non-weather working days for vessels working in the Stream :—

Monday, 14th June	Non-weather working day.
Friday, 18th June	Half weather working day.
Saturday, 19th June	Half weather working day.
Monday, 21st June	Non-weather working day.
Friday, 9th July	Non-weather working day.
Saturday, 10th July	Non-weather working day.
Tuesday, 13th July	Non-weather working day.
Wednesday, 14th July.. ..	Non-weather working day.
Saturday, 17th July	Non-weather working day.
Saturday, 24th July	Non-weather working day.
Tuesday, 27th July	Half weather working day.
Thursday, 29th July	Half weather working day.
Friday, 30th July	Half weather working day.
Saturday, 31st July	Half weather working day.
Saturday, 7th August ..	Half weather working day.
Wednesday, 18th August ..	Half weather working day.
Wednesday, 1st September ..	Non-weather working day.
Monday, 6th September ..	Half weather working day.

DEVELOPMENT OF BASKET MAKING INDUSTRY.

In connection with the growing shortage of wire nails and the possibility of substituting bamboo or cane baskets for wooden packing cases for certain purposes, members interested were requested in January 1943, to furnish information on the following two points :—

(1) The articles for the packing of which bamboo or cane baskets can replace wooden packing cases.

(2) The improvements required in such baskets and the availability of the additional raw materials needed for carrying out such improvements.

From the replies received it appeared that many firms would be willing to try out using baskets for packing purposes if suitable ones were available. Until, however, the firms could have some idea of the sort of article that could be supplied they naturally were unable to give any definite answers to the above two questions.

The Committee suggested to the Director of Industries that he might endeavour to call to Bombay representatives of the most important basket-making families asking them to bring samples of their production and arrange for a meeting with the likely consumers with the intention of setting up a proper organisation.

The Director replied that he had submitted certain proposals to Government and when Government's orders in the matter were available the Chamber's suggestions would be fully considered.

JUTE TRADE.

Loss of Markets.

In view of the loss of trade caused to the jute industry by the extension of the war, which had closed certain markets completely owing to enemy occupation while others had been cut off due to shipping difficulties, the Indian Central Jute Committee, during 1942, undertook an inquiry, confined to Calcutta, with a view to explore the potential capacity of the Indian market to utilise jute goods by putting raw jute and its manufacturers to additional uses and by substituting gunnies for earthenware and bamboo baskets, both for purposes of carrying and storage.

In May 1943 the Indian Central Jute Committee forwarded to the Chamber a copy of the preliminary report of their Marketing Staff on their enquiry and requested the Chamber's comments on the report.

The Committee stated that in their view the only way to increase domestic consumption of jute was for the Indian Central Jute Committee to stimulate the production of jute goods which would compete in price and service with the alternative materials now used and popularise them by intensive advertisement. The Committee were unable to suggest any other direction in which jute might be utilised over and above the fairly wide range forecasted in the report.

INDUSTRIAL RESEARCH.

(*See Reports*, 1940, *page* 187; 1941, *page* 169; 1942, *page* 171.)

During the year under review the Secretary of the Council of Scientific and Industrial Research, Department of Commerce, Delhi, forwarded to the Chamber copies of non-technical notes prepared under the auspices of the Council on—

1. Dye Extracts and Dyed Shades on Wool and Cotton from the Barks of Terminalia Arjuna and Butea Frondosa.
2. Dye Extracts and Dyed Shades on Wool from Tamarind Seed Test.
3. Extracts of Annatto Dye for Colouring Vegetable Ghee, Milk, Ice-Cream, Aerated Waters and Food Products in general.
4. Manufacture of Vacuum Pumps.
5. Manufacture of Resin Impregnated Jute Mill Bobbins.
6. Manufacture of Plastic Collapsible Tubes.
7. Manufacture of Indigenous Moulding Powder S-HP.
8. The Extraction of Potash Salts from Molasses.

PAYMENT OF TERMINAL TAX IN THE CASE OF F.O.R. (NAMED DESTINATION) QUOTATIONS.

(*See Report* 1942, *page* 168.)

It was recorded in the Chamber's Report for 1942 that the Committee had expressed the view that it was the general custom that the seller was not responsible for terminal tax at destination station in the case of a f.o.r. contract unless he had specifically agreed beforehand to bear this charge.

The Committee were subsequently informed that the Executive Officer, Ambala Cantonment Board had, however, in some cases, secured decrees against the sellers but as the sums in question were relatively small, it had been found cheaper to pay them, although legal opinion had been received to the effect that the sellers were not liable.

The Committee consequently asked the Associated Chambers of Commerce of India to ascertain whether the other constituent Chambers had received similar complaints from any of their members.

The Associated Chambers subsequently replied to the effect that the point raised had been considered by the constituent Chambers who generally agreed that it was usually the custom for the buyer to be responsible for a terminal tax at destination station, although in some areas it was understood that local legislation empowered the regional authorities to claim payment of terminal tax for goods f.o.r. at the local railway station.

The Bengal Chamber who had considered the matter in consultation with the Calcutta Import Trade Association had drawn the attention of the Associated Chambers to the Government of the Punjab, Home Department, Military, Notification No. 19307, of the 18th July 1933, which described as follows the nature of the Ambala terminal tax and certain of the types of goods exempted therefrom.

"*Nature of tax.*"—A terminal tax payable by persons importing into or exporting from the Cantonment by rail or road, the articles and animals mentioned in Col. 2 of the Schedule appended below at the rates shown in Col. 3 as the case may be, but subject to the following provision :—

1. The tax shall not be levied on :—

(1) Goods which are the *bona fide* property of the Government or of the Cantonment Board or of the Municipal Committee and not a contractor's property at the despatching station, if accompanied at the time of import or export by a certificate signed by a responsible officer of the department concerned to the effect that such goods are the property of the Government or of the Cantonment Board, or of the Municipal Committee as the case may be."

Provided, therefore, that the Ambala Cantonment Station was not within the jurisdiction of the Cantonment Authority, then the seller should not pay the tax in respect of goods delivered f.o.r. station.

It was suggested that the difficulties experienced by members of this Chamber could be overcome if they adopted the practice which was being followed in the Calcutta area of making all quotations on the f.o.r. point of despatch basis.

C. I. F. CONTRACTS AND WAR RISK INSURANCE.

(*See Report* 1939, *page* 63.)

In September 1943, the following two questions were put to the Chamber by the Government of India, Department of Supply (Purchase Branch) :—

(1) Had it been trade practice since the outbreak of the war to take out war risks insurance cover on cargoes ex British or Indian ports in addition to the ordinary marine cover.

(2) Did a c.i.f. contract include war risks insurance.

The Committee in reply stated that the answer to (1) was in the affirmative, as cover against war risks was, as a general rule, required by all buyers. There were exceptions, however, as some buyers carried the risk themselves, particularly on short or coastal voyages. It should be noted also that only in very exceptional cases would banks negotiate documents if the relative goods were not covered against war risks.

Despite the answer to question (1), the answer to (2) was in the negative. In existing circumstances, a plain c.i.f. contract was rarely entered into, as it was the general practice to stipulate the precise contract terms as regards both marine and war risks insurance and rates of freight, etc. If, however, an ordinary c.i.f. contract were made, it would not be held to include cover against war risks.

SUPPLY DEPARTMENT.

Insertion of Arbitrary Clauses in Contracts.

In May 1943 a member brought to the attention of the Committee the wording of a clause inserted in an order received by them on a cost plus basis covering two Diesel engines from the Chief Controller of Purchase (Munitions), Calcutta, which read as follows :—

"The supplies under this contract are intended for eventual shipment to an ultimate consignee overseas. The consignee in India to whom consignments will be delivered by the contractor in the first instance will grant an unqualified receipt for same without opening the packages for checking the contents but the contents will be checked with the packing note by the ultimate consignee overseas on receipt of the consignments by him. The contractor shall, therefore, be held responsible for the correctness of supplies made in respect of both quality and quantity for a period of 9 months from the date of handing over the stores to the Indian consignee or from the date of receipt of payment of the contract price (whichever is later.)"

The firm refused to accept this clause, which they regarded as entirely arbitrary and to which no insurance company would be prepared to agree.

The Committee entirely supported this view and in addressing the Controller of Supplies in the matter they stated that they regarded the insertion of this clause as most unreasonable. They requested the Controller to review the matter and give the necessary instructions that such clauses should be omitted in future.

The Committee were subsequently informed by the Department of Supply of the Government of India that it had been decided to delete the clause from the conditions of contract.

"CORPS OF COMMISSIONAIRES."

In March 1943 the Director of Reconstruction of the Defence Department of the Government of India requested the views of the Chamber on the possibility of forming a "Corps of Commissionaires" in India after the war, for the employment of non-technical ex-soldiers. The Committee in reply stated that the scheme met with their full support and there was little doubt that most employers would welcome the establishment of some sort of regulating authority for the supply of men of the type referred to. The Committee felt, however, that it was the duty of Government to assist in every way possible in obtaining post-war employment for discharged soldiers and that, in consequence, Government should be responsible for all preliminary expenditure in connection with the formation of the Corps. When the Corps was a going concern and functioning on a satisfactory basis, there was little doubt that firms and individuals would raise no objection to paying suitable registration fees.

HOLIDAY FOR HALF-YEARLY CLOSING OF BANKS ACCOUNTS.

(*See Reports* 1924, *Volume I*, *page* 320; 1941, *page* 49; 1942, *page* 170.)

In April 1943, the Government of Bombay, under section 25 of the Negotiable Instruments Act, declared Thursday, 1st July 1943, to be a public holiday in the City of Bombay to enable banks to make up their half-yearly accounts.

PUBLIC HOLIDAYS.

NEED FOR RESTRICTION.

(*See Reports* 1924, *Volume I*, *page* 320; 1925, *Volume I*, *page* 317; 1932, *page* 279; 1939, *page* 239.)

In June 1943, in replying to a reference from the Associated Chambers of Commerce of India in regard to the question of the restriction of the number of public holidays, the Committee stated—

(*a*) That they agreed with the views of the President that special celebration of holidays such as that observed on the 21st of May 1943 in connection with the North African victory were unlikely to be observed with any undue or unjustifiable frequency;

(*b*) They pointed out that in 1939, 29 holidays were authorised by the Bombay Government of which 5 fell on a Sunday. In 1943, 21 holidays were authorised of which 5 fell on a Sunday, leaving a total of 16 holidays on working days. The pre-war holidays that had been cancelled were the following (in addition to the King's Birthday holiday) :—

Ramnavami.	First day of Parsi New Year.
Easter Saturday.	Christmas Eve.
Easter Monday.	New Year's Eve.
Zarthost-no-Diso.	

(*c*) In connection with Government sectional holidays, the Committee stated that these did not much affect commercial or industrial concerns. This year, as in 1942, Government omitted the holiday " Ramnavami " from the official list, but it had to be observed by many offices and Government Departments.

The Associated Chambers subsequently forwarded the following summary of the views expressed by constituent Chambers on the points raised :—

1. *General.*—The majority of the constituent Chambers were of opinion that, under existing conditions, the total number of holidays annually observed in India was excessive and should be restricted as a war-time measure, if not permanently.

2. *Special Celebration Holidays.*—Subject to the above general view, most of the Chambers agreed with the President that holidays of this type were not likely to be observed with any undue or unjustifiable frequency and that, where essential war work was concerned, it was a matter for the managements of the factories concerned, individually or collectively, to decide whether or not the holiday should be observed on psychological or other grounds.

3. *Public Holidays under the Negotiable Instruments Act.*—In conformity with the general opinion that holidays were too frequent under the existing war-time circumstances, most of the Chambers considered that effort should be made to reduce the number declared under the Negotiable Instruments Act. Some of the Chambers pointed out that a suitable reduction had already been effected as the result of pressure from commercial and industrial interests ; that industrial labour and consequential production were not ordinarily affected by this class of holiday ; and that the matter was in any case one primarily for reference to Provincial Governments and for Provincial Chambers of Commerce and Employers Associations to consider.

4. *Government Holidays.*—Here also most of the Chambers agreed that commerce and industry were only indirectly affected by special Government holidays which were not public holidays and that if they considered there was room for a further reduction in the number of such Government holidays, they should take the question up provincially.

Having regard to the opinions generally expressed by the constituent Chambers, the President did not think that any action was called for on the part of the Associated Chambers as such; but he promised to keep in mind the general attitude of the Chambers towards this matter in the event of his being consulted or having occasion to present commercial opinion in the proper quarters.

POLISH ORPHAN CHILDREN.

In January 1943 His Excellency the Governor of Bombay brought to the notice of the President of the Chamber that a number of Polish orphan children had been brought from Russia and were being cared for in India in a special camp in Kathiawar which had been provided by His Highness the Jam Saheb. It was hoped that the first 500 of these children, about 400 of whom had up to that time already arrived, would be accepted as guests, and His Excellency the Viceroy suggested that the Chamber of Commerce might be approached with the suggestion that the Chamber and the firms belonging to it might be willing to undertake to maintain a number of these children. It was estimated that the average monthly cost of maintenance would be Rs. 60 per child.

Members were immediately circularised and between January and September 1943 a sum of over Rs. 11,000 was contributed by members to the fund, the major portion being by regular monthly subscriptions.

BOOKS FOR THE SERVICES.

In March 1943 an organised drive was instituted throughout India for the purpose of collecting reading material for men on active service, on A.A. Gun services, ships, air force stations, hospitals, holiday camps, etc. In response to an appeal from the local services circulating library the Chamber's offices were made a collecting centre where books could be delivered. Several hundred books were sent to the circulating library in response to this appeal.

BOMBAY RED CROSS WEEK.

The Bombay Red Cross and Amenities for Troops Fund was inaugurated by His Excellency the Governor in January 1940. Subsequently the Bombay War Gifts Fund was established primarily with the object of collecting funds for the supply of planes and other equipment to the Indian Air Force and the Royal Air Force. The targets aimed at by the promoters of the latter fund were achieved and the later contributions received were employed for the provision of Red Cross supplies and amenities for the troops. The needs of the Red Cross continued to grow at a rapidly increasing pace, and an all-India appeal for contributions was made in February 1943 and a Red Cross Week throughout India was held in the beginning of March for this purpose. Members were informed of the appeal and it is understood that a generous response was forthcoming.

LIST OF ACTS AFFECTING COMMERCE AND INDUSTRY PASSED BY THE INDIAN LEGISLATURE DURING THE YEAR 1943.

CENTRAL LEGISLATURE.

I. Motor Vehicles (Amendment).
III. Indian Railways (Amendment).
V. Code of Civil Procedure (Amendment).
VI. Indian Penal Code (Amendment).
VII. Coffee Market Expansion (Amendment).
VIII. Indian Finance.
IX. Reciprocity.
X. Tobacco (Excise Duty).
XI. Vegetable Product (Excise Duty).
XII. Indian Tea Control (Amendment).
XV. Trade Marks (Amendment).
XVII. Indian Boilers (Amendment).
XVIII. Mines Maternity Benefit (Amendment).
XIX. Motor Vehicles (Drivers) Amendment.
XX. Agricultural Produce (Grading and Marking) Amendment.
XXII. Reciprocity (Amendment).
XXIII. War Injuries (Compensation Insurance).
XXIX. Indian Tea Control (Second Amendment).
XXX. Indian Companies (Amendment).

BOMBAY PROVINCIAL LEGISLATURE.

I. Bombay Rationing Preparatory Measures.
II. City of Bombay Municipal (Amendment).
III. Bombay Finance (Amendment).
IV. Bombay Rent Restriction (Amendment).
VI. City of Bombay Municipal (Second Amendment).
VIII. City of Bombay Municipal Corporation (Extension of Term) (Amendment).
XII. Bombay Weights and Measures (Amendment).
XIII. Bombay Entertainments Duty (Amendment).
XIV. Bombay Increase of Stamp Duties.
XV. Bombay Increase of Court Fees.
XVII. Bombay Options in Cotton Prohibitions (Amendment).
XVIII. Bombay Public Conveyances (Amendment).

CHAMBER'S ACCOUNTS.

In presenting the Chamber's accounts for the year 1943 the Committee report that after making provision for taxation there was an excess of income over expenditure of Rs. 11,814-8-3.

As compared with the previous year receipts from membership subscriptions show an increase of Rs. 3,900 while measurement fees show a fall of Rs. 67,767. Receipts from Certificates of Origin show a fall of Rs. 19,774.

The total expenditure for the year shows a decrease of Rs. 33,689-3-8.

L. A. HALSALL,
President.

G. S. TAUNTON,
Member of Committee.

C. H. COURTHOPE-MUNROE,
Secretary.

BOMBAY, 21*st February*, 1944.

THE BOMBAY CHAMBER OF COMMERCE.

(Incorporated under the Indian Companies Act, 1913.)

Balance Sheet as at 31st December, 1943.

LIABILITIES.				ASSETS.			
Outstanding Bills—				Office Furniture—			
Sundry Creditors			9,624 10 0	Estimated value as on 31st December 1928 less sales to 31st December 1935		7,525 0 0	
Naval Authorities Assisted Telegrams Payment due as per contra			1,170 0 0	Additions at cost—			
Advance Receipts			301 0 0	In previous years		8,553 13 0	
Reserve for passages			3,314 2 6			16,078 13 0	
Reserve for Taxation—				*Less*—Depreciation—			
As per last Balance Sheet		34,500 0 0		In previous years	13,810 14 0		
				In this year	634 4 0	14,445 2 0	1,633 11 0
Less—				Statistical Furniture—			
Income and Corporation Tax Assessment 1942-44	19,196 14 0			At cost		4,682 12 0	
Deducted at source ..	2,197 9 7			*Less*—Depreciation—			
Excess Profits Tax paid in respect of 1942	18,630 0 0			In previous years	4,678 12 0		
	40,024 7 7			In this year	4 0 0	4,682 12 0	
Less—				Measurement Furniture—			
Charged to Assisted Telegrams Account..	844 7 0			At cost		402 8 0	
	39,180 0 7			*Less*—Depreciation—			
				In previous years	178 6 0		
				In this year	75 2 0	253 8 0	149 0 0
				Measurement Department Chowkies—			
				At cost		3,888 1 0	

Charged to Income and Expenditure account	4,680 0 7			*Less*—Depreciation—			
		34,500 0 0		In previous years	1,496 13 0		
			....	In this year	971 14 0		
						2,468 11 0	
Reserved out of 1943 Income ..			10,000 0 0	Investments—			
				At cost			1,419 6 0
Reserve for Depreciation of Investments—				(Market Value Rs. 3,45,484-6-0)			3,41,473 7 0
As per last Balance Sheet		5,172 8 0		Advance Payments—			
Add—Profit realised on sale		4,990 0 0		Loans to Staff (since recovered Rs. 51-8-0)		237 0 0	
			10,162 8 0	Due from the National Service Advisory Committee (since recovered)		63 11 6	
Accumulated Funds—				Due from the Government of India, and others in respect of the cost of telegrams (since recovered Rs. 205-6-0)		222 9 0	
As per last Balance Sheet		3,45,904 13 4		Deposit with the Government of India, Publication Branch		100 0 0	
Add—Excess of Income over Expenditure (as per annexed Account)..		11,814 8 3		Deposit with the Central Telegraph Office, Bombay..		200 0 0	
			3,57,719 5 7	Excess Profits Tax Deposit		4,894 0 0	
							5,717 4 6
				Naval Authorities Assisted Telegrams—			
				Collection Account—Cash in hand per contra.. ..			1,170 0 0
				Cash and other balances—			
				In hand		116 15 3	
				With the Imperial Bank of India in Current Account.		40,611 14 4	
							40,728 13 7
		Rs. ..	3,92,291 10 1			Rs. ..	3,92,291 10 1

L. A. HALSALL,
President.

G. S. TAUNTON,
Member of Committee.

BOMBAY, 21*st February*, 1944.

C. H. COURTHOPE-MUNROE,
Secretary.

THE BOMBAY CHAMBER OF COMMERCE.

(Incorporated under the Indian Companies Act, 1913.)

Dr. *Income and Expenditure Account for the year ended 31st December 1943.* *Cr.*

EXPENDITURE.				INCOME.			
To—				By—			
Subscriptions—							
Federation of Chambers of Commerce of the British Empire ..	29 3 0			Members' Subscriptions ..		69,360 0 0	
Associated Chambers of Commerce of India	640 0 0			*Statistical Department*—			
		669 3 0		Returns	11,464 13 4		
Chamber Office.				Special Returns ..	3,983 0 0		
Salaries and Dearness Allowances ..	68,861 14 3			Sundries	124 6 0		
Rent	7,200 0 0					15,572 3 4	
Printing Miscellaneous Papers, Annual Report for 1942, etc.	4,655 12 0			*Measurement Department*—			
Advertisements	81 0 0			Measurement Fees ..	1,42,536 11 6		
Books and Periodicals	609 12 6			Weighment Fees ..	3,113 11 0		
Stationery	827 14 0			Sundries	1,517 0 0		
General Charges	3,433 8 6					1,47,167 6 6	
Telephone	566 8 0			*Arbitration and Certificates*—			
Insurance—				Arbitrations	90 0 0		
Fire	14 1 0			Certificates :			
Cash in Transit	135 4 0			Origin	14,598 0 0		
Employer's Indemnity	183 8 0			Refraction	780 0 0		
Contribution to the Provident Fund ..	5,220 0 0					15,468 0 0	
Law Charges	70 0 0			*Sundries*		1,983 2 0	
Audit Fee	250 0 0			*Interest on Investments*—			
Motor Car Upkeep	2,548 7 0			Taxed at source ..	8,743 12 0		
Replacements to Car	99 0 0			Tax Free	3,958 5 4		
Furniture Depreciation	634 4 0				12,702 1 4		
Bonus to Staff	2,602 8 0			*Less*—			
		97,993 5 3		Paid on purchase ..	125 0 0		
Statistical Department.						12,577 1 4	
Salaries and Dearness Allowances ..	24,296 0 0			*War Gifts Fund for Polish Orphans* :—			
Do. do. do. Typists	5,884 0 0			Donations received from members	2,630 0 0		
Cyclostyling	3,315 8 0			*Less*—			
Printing	765 0 0			Paid to the Hony. Treasurer, War Gifts Fund (Polish Orphans) ..	2,630 0 0	....	
Contribution to the Railways	1,759 10 0						
Books and Periodicals	12 4 0			Bombay Red Cross Week, 1943.			
Stationery	182 3 0			Donations received from members	500 0 0		
Petty Charges	699 8 9			*Less*—			
Contribution to the Provident Fund ..	2,178 0 0			Paid to the Hony. Treasurer, Bombay Red Cross Week Fund ..	500 0 0	....	
Furniture Depreciation	4 0 0						
Bonus to Staff	1,089 0 0						
		40,185 1 9					
Measurement Department.							
Salaries and Dearness Allowances ..	80,702 8 0						
Printing	757 0 0						
Stationery	512 10 0						
Telephone	326 10 0						
Bonus to Staff	2,902 8 0						
Petty Charges	1,378 14 0						
Labour and Hire of Scales	1,549 12 0						
Repairs to Chowkies, etc.	1,041 45 0						
Furniture Depreciation	1,047 0 0						
Contribution to the Provident Fund ..	5,446 13 4						
Pensions	120 0 0						
		95,785 10 4					
Passages	1,000 0 0						
Taxation—							
Balance of tax paid during the year written off 4,680 0 7							
This year's provision .. 10,000 0 0							
	14,680 0 7						
		15,680 0 7					
Balance, being excess of Income over Expenditure, transferred to Accumulated Funds		2,50,313 4 11					
		11,814 8 3					
	Rs.	2,62,127 13 2			Rs.	2,62,127 13 2	

REPORT OF THE AUDITORS TO THE MEMBERS.

We have audited the foregoing Balance Sheet of the Bombay Chamber of Commerce as at the 31st day of December 1943, and also the foregoing Income and Expenditure Account for the year ended upon that date, and report that—

(a) we have obtained all the information and explanations which we have required ;

(b) in our opinion, the foregoing Balance Sheet and Income and Expenditure Account are drawn up in conformity with the law ;

(c) such Balance Sheet exhibits a true and correct view of the state of the Chamber's affairs according to the best of our information and the explanations given to us and as shown by the books of the Chamber ; and

(d) in our opinion, books of account have been kept by the Chamber as required by Section 120 of the Indian Companies Act, 1913.

Sharp & Tannan,
Chartered Accountants,
Registered Accountants,
Auditors.

Bombay, *21st February*, 1944.

L. A. Halsall,
President.

G. S. Taunton,
Member of Committee.

C. H. Courthope-Munroe,
Secretary

THE BOMBAY CHAMBER OF COMMERCE PROVIDENT FUND.

Statement of Accounts from 1st January to 31st December 1943.

Members' Accounts			
Balance brought forward	....		3,97,082 9 3
Add—			
Subscriptions received from members	12,844 13 4		
Contributions paid by the Chamber	12,844 13 4		
Interest received and accrued	13,386 1 0		
		39,075 11 8	
		4,36,158 4 11	
Deduct—			
Paid to members (inclusive of interest)	1,151 15 3		
Non-repayable withdrawals (Rule 29 (4))	401 2 0		
Transferred to Lapses and Forfeitures Account	255 7 11		
		1,808 9 2	
Balance at Credit of Members	....		4,34,349 11 9
Lapses and Forfeitures Account—			
Balance brought forward	13,571 8 4		
Forfeited during the year	255 7 11		
		13,827 0 3	
			4,48,176 12 0

Held thus—

	Face Value.	Market value on 31st December 1943.	Cost Price.
2½ % Loan 1948-52 Stock	52,000	51,870 0 0	51,634 6 0
3 % Defence Bonds 1946 Stock	50,000	51,156 4 0	50,000 0 0
3 % Loan 1949-52 Stock	21,000	21,131 4 0	21,000 0 0
3 % „ 1951-54 „	72,500	72,590 10 0	72,168 12 0
3 % „ 1953-55 „	18,000	17,966 4 0	18,000 0 0
3 % „ 1963-65 „	1,33,000	1,31,005 0 0	1,30,611 9 0
3½ % „ 1947-50 „	27,300	28,221 6 0	26,914 8 0
4 % „ 1960-70 „	61,500	68,880 0 0	60,386 2 0
	4,35,300	4,42,820 12 0	4,30,715 5 0
Less—Appreciation at this date		12,105 7 0	
		4,30,715 5 0	

Interest accrued on investments and loans	3,132 5 8	
Due by members (since received Rs. 1,377)	1,486 0 0	
Cash with the Imperial Bank of India, in current account	*12,843 1 4*	
	Rs.	4,48,176 12 0

Examined and found correct,

SHARP & TANNAN,
Chartered Accountants,
Registered Accountants,
Auditors.

L. A. HALBALL,
President.

G. S. TAUNTON,
Member of Committee.

C. H. COURTHOPE-MUNROE,
Secretary.

BOMBAY, *21st February*, 1944.

Report

OF THE

Bombay Chamber of Commerce

FOR THE YEAR 1943

CORRESPONDENCE, DOCUMENTS
AND STATISTICS

CONTROL OF COTTON CLOTH AND YARN.

GOVERNMENT OF INDIA.

DEPARTMENT OF INDUSTRIES AND CIVIL SUPPLIES.

Notification.

NEW DELHI, *the 17th June* 1943.

No. 34-Tex. (1)/43.—In exercise of the powers conferred by sub-rule (2) of rule 81 of the Defence of India Rules, the Central Government is pleased to make the following Order, namely,—

1. (1) This Order may be called the Cotton Cloth and Yarn (Control) Order, 1943.

(2) It shall come into force at once.

2. The provisions of this Order shall be in addition to and not in derogation of any other law for the time being in force.

3. In this Order, unless there is anything repugnant in the subject or context,

(*a*) " cloth " and " yarn " mean respectively any type of cloth or yarn manufactured either wholly from cotton, or partly from cotton and partly from any other material and containing not less than 10 per cent. of cotton by weight, but " cloth " does not include—

(i) ready made clothing other than *dhoties* and *sarees*.

(ii) hosiery,

(iii) any articles which are Indian woollen goods as defined in the Indian Woollen Goods (Control) Order, 1944.

(*b*) " dealer " means a person carrying on the business of selling cloth or yarn or both, whether wholesale or retail, and whether or not in conjunction with any other business and shall include masterweavers of handloom cloth.

(*c*) " manufacturer " means a person engaged in the manufacture of cloth or yarn or both.

(*d*) " Textile Commissioner " means the Textile Commissioner appointed by the Central Government and includes such Additional Textile Commissioners as may be appointed by the Central Government.

4. (1) The Central Government may constitute a Textile Control Board (hereinafter referred to as the Board) consisting of 25 to advise the Central Government through the Textile Commissioner generally on matters connected with the purposes of this Order (including matters connected with the export of cloth, yarn and raw cotton) and in particular in respect of the functions of the Textile Commissioner under clauses 10 and 11.

(2) The Chairman of the Board shall be such non-official member thereof as the Central Government may designate in this behalf.

5. (1) The Board may by resolution form from among its members such Committees as it thinks expedient to exercise on its behalf such of its functions as may be specified in the resolution;

Provided that any such Committee formed for the purposes of advising on technical matters connected with the purposes of this Order and in particular on matters relating to the fixation of prices, increase in production, standardisation, and rationalisation, shall be composed only of members representing the Textile Industry, and subject to the provisions of Clause 9 its advice on all such matters shall ordinarily be acted upon.

(2) Any such Committee shall not exceed fifteen in number and it shall elect a Chairman from among its members.

6. Any Committee of the Board may co-opt such additional members not exceeding ten in number as it thinks fit and having special knowledge of the subject with which the Committee is concerned, and the members so co-opted shall have the same rights as the other members of the Committee.

7. (1) A Committee of the Board may by a resolution form from among its members a Standing Sub-Committee to exercise on its behalf such of its functions as may be specified in the resolution.

(2) Any such Standing Sub-Committee shall not exceed five in number, and if the Chairman of the Committee, is a member of the Standing Sub-Committee he shall be the Chairman thereof.

8. The Board may in consultation with the Central Government make rules to regulate the calling of, and procedure at, meetings of the Board, Committees and Standing Sub-Committees (including the fixing of quorum).

9. (1) The Board or any Committee or Standing Sub-Committee acting in the exercise of the functions assigned to it under clause 5 or as the case may be clause 7 may tender advice

to the Central Government through the Textile Commissioner on matters connected with the purposes of this Order and in particular in respect of the functions of the Textile Commissioner under clauses 10 and 11.

Provided that if the Textile Commissioner is unable to recommend to the Central Government to accept the advice so tendered he shall refer the matter back to the Board, Committee or Standing Sub-Committee as the case may be for further consideration.

(2) If after such reference the Textile Commissioner is still unable to recommend to the Central Government to accept any advice so tendered by the Board or any Committee or Standing Sub-Committee, he may, or if the Chairman of the Board so requires shall, refer the question for the decision of the Central Government who shall consult the Board or the Committee or Standing Sub-Committee as the case may be before giving its decision.

(3) Before issuing any notification under clause 10 or any direction under clause 11 otherwise than in pursuance of advice tendered to him by the Board or a Committee or Standing Sub-Committee, the Textile Commissioner shall consult the Chairman of the Board, who shall refer the question to the Board, or, in his discretion to the appropriate Committee or the Standing Sub-Committee.

(4) The Textile Commissioner may refer any matter on which he desires advice, or make any proposal, to the Chairman of the Board who shall refer the same to the Board or, in his discretion, to the appropriate Committee or Standing Sub-Committee.

(5) If the opinion of the majority of members of the Board or any Committee or Standing Sub-Committee, as the case may be, present at the meeting at which the question is discussed is adverse to the Textile Commissioner's proposal, he shall, if he does not accept the advice of such majority, refer the question for the decision of the Central Government who shall consult the Board or the Committee, as the case may be, before giving its decision.

10. Subject to the provisions of sub-clause (3) of clause 9, the Textile Commissioner may, by notification in the *Gazette of India*, specify—

(*a*) the maximum quantity of handloom cloth which may be stocked by any dealer and the maximum period for which he may hold such stock ;

(*b*) the maximum prices, ex-factory, wholesale and retail, at which any class or specification of cloth or yarn may be sold;

(*c*) the markings to be made by the manufacturers and dealers on any class or specification of cloth or yarn manufactured or sold by them, and the time and manner of making those markings.

11. Subject to the provisions of sub-clause (3) of clause 9, the Textile Commissioner may from time to time issue directions in writing to any manufacturer regarding the classes or specifications of cloth or yarn, and the maximum or minimum quantities thereof, which he shall or shall not manufacture during such periods as may be specified in the directions, and the manufacturer shall comply with all such directions.

12. (1) No manufacturer or dealer shall sell or offer to sell any cloth or yarn at a price higher than the maximum price specified in this behalf under clause 10.

(2) Every sale of cloth or yarn by a dealer except to a consumer, shall be at a price either f.o.r. station of despatch or ex-godown of storage at the buyer's option :

(3) A dealer shall not buy or sell, except to a consumer, cloth or yarn at a price, either ex-any godown of storage or f.o.r. any station of despatch (being a godown or station within 100 miles of the manufacturer's premises), which exceeds by more than four per cent., in the case of cloth and 3 per cent. in the case of yarn, the ex-mill maximum price or ex-mill contract price whichever is less.

(4) A dealer shall not buy or sell, except to a consumer, cloth or yarn at a price, either ex-any godown of storage or f.o.r. any station of despatch (not being a godown or station within 100 miles of the manufacturer's premises), which exceeds by more than ten per cent. in the case of cloth and 7½ per cent. in the case of yarn, the ex-mill maximum price or the ex-mill contract price whichever is less.

Explanation.—The expression 'manufacturer's premises' in sub-clause (3) and (4) shall mean the factory premises and not the office premises of the manufacturer.

(5) Every dealer shall exhibit on his premises a true copy of each of the notifications that may have been or may hereafter be, issued by the Textile Commissioner under clause 10 specifying the maximum prices at which cloth or yarn may be sold.

(6) No manufacturer or dealer shall, without sufficient cause, refuse to sell cloth or yarn to any person.

Explanation :—The possibility or expectation of obtaining a higher price at a later date shall not be deemed to be a sufficient cause for the purposes of this sub-clause.

13. (1) Where the Textile Commissioner has specified under clause 10 the markings to be made, and the time and manner of making them, in respect of any class or specification of cloth or yarn—

(*a*) every manufacturer of and dealer in such cloth or yarn shall cause the markings to be made thereon at the time, and in the manner, specified by the Textile Commissioner ;

(*b*) no person other than a manufacturer or a dealer shall cause the markings to be made on any such cloth or yarn;

(*c*) no person other than a manufacturer shall after the 31st December 1943 have in his possession or under his control any such cloth or yarn which is not so marked, unless it be for *bona fide* personal requirements.

(2) Where a manufacturer, who is required under this Order to cause the cloth or yarn manufactured by him to be marked with the price fixed by the Textile Commissioner, is unable to do so because no such price has been fixed, he shall apply forthwith to the Textile Commissioner for the fixation of the price and furnish such information as may be required by the Textile Commissioner and shall not deliver or otherwise dispose of the cloth or yarn until it is marked with the price fixed by the Textile Commissioner in accordance with the provisions of this Order.

14. (1) No cloth (other than handloom cloth) or yarn manufactured before the 1st August 1943 shall, unless expressly authorised by the Textile Commissioner,—

(*a*) be kept by any person in unopened bales or cases after the 31st August 1943.

(*b*) be kept undisposed of by any dealer, or by any person holding on behalf of a dealer, after the 31st December 1943.

(2) No cloth or yarn marked with the date of packing under the provisions of this Order shall, unless expressly authorised by the Textile Commissioner,—

(*a*) be kept by any person in unopened bales or cases for more than three months after that date ;

(*b*) be kept undisposed of by any dealer, or by any person holding on behalf of a dealer, for more than six months after that date.

15. The Textile Commissioner may by general or special order exempt any cloth or yarn, or any class of cloth or yarn, from all or any of the provisions of clauses 13 and 14.

15A. Notwithstanding anything contained in clauses 14 (1) (*b*) and 14 (2) (*b*), cloth or yarn not disposed of within the period specified in those clauses may be kept and sold by a dealer subject to the conditions notified in this behalf by the Textile Commissioner prescribing the special markings to be made on such cloth or yarn, the agency by which the marking shall be made and the fee payable for such marking :

Provided, however, that no such cloth or yarn shall be kept undisposed of by any dealer, or by any person holding on behalf of a dealer, for more than six months after the date of such marking.

16. Where in pursuance of a notification under clause 10 or clause 15A any piece of cloth is required to be marked at one end with the price at which it is to be sold retail, and the piece is not sold as a whole, that portion of the piece containing the price-marking shall be sold last by the dealer.

17. Every manufacturer, every dealer and every person to whom any stocks of cloth or yarn have been pledged by a manufacturer or dealer, shall declare the stocks of cloth and yarn held by him on such dates, in such form and to such authority as may be specified by the Textile Commissioner by notification in the Gazette of India.

18. (1) No manufacturer shall, save with the permission of the Textile Commissioner, at any time hold—

(*a*) stocks of cloth exceeding the total quantity manufactured by him during the preceding three months ; or

(*b*) stocks of yarn not required by himself for manufacturing cloth, exceeding the quantity of yarn manufactured by him during the preceding two months :

Provided that for the purposes of this sub-clause cloth on looms and yarn in process of manufacture into cloth shall not be taken into account.

(2) No dealer or other person not being a manufacturer shall at any time hold stocks of cloth or yarn in excess of his normal requirements.

(3) Nothing in sub-clause (2) shall be deemed to apply in relation to the possession by any person carrying on the business of banking of cloth or yarn pledged with him by a dealer or a manufacturer.

(4) For the purposes of sub-clauses (1) and (2) any cloth or yarn agreed to be sold to a dealer by a manufacturer and of which delivery has not been taken by the due date shall be deemed to be held by the dealer and not by the manufacturer.

19. The Textile Commissioner may, with a view to securing compliance with this Order,—

(*a*) require any person to give any information in his possession with respect to any business carried on by that or any other person;

(*b*) inspect or cause to be inspected any books or other documents belonging to or under the control of any person;

(*c*) enter and search, or authorise any person to enter and search, any premises, and seize, or authorise any person to seize, any cloth or yarn in respect of which he has reason to believe that a contravention of this Order has been committed.

20. If any person with the intent that any provision of this Order may be evaded refuses to give any information lawfully demanded from him under clause 19, or conceals, destroys, mutilates or defaces any book or other document, he shall be deemed to have contravened the provision of this Order.

21. A Textile Commissioner may, with the sanction of the Central Government and by general or special Order in writing, authorise any person to discharge on his behalf all or any of his functions under this order other than those specified in clauses 9 and 10.

22. A Court trying any contravention of this Order may, without prejudice to any other sentence which it may pass, direct that any cloth or yarn in respect of which it is satisfied that such contravention has occurred shall be forfeited to His Majesty.

23. No prosecution for the contravention of any of the provisions of this Order shall be instituted without the previous sanction of the Provincial Government.

COTTON CLOTH MOVEMENTS CONTROL.

DEPARTMENT OF INDUSTRIES AND CIVIL SUPPLIES.

NOTIFICATION.

NEW DELHI, *the 23rd October* 1943.

No. 265-Tex/43.—In exercise of the powers conferred by sub-rule (2) of rule 81 of the Defence of India Rules, the Central Government is pleased to make the following order :—

1. This Order may be called the Cotton Cloth Movements Control Order, 1943.

2. In this Order " cotton cloth " means any kind of cloth manufactured wholly or partly from cotton, but does not include cloth made up into garments ; " Textile Commissioner " means the Textile Commissioner, Bombay, and includes any other officer appointed by him to perform the functions of the Textile Commissioner under this order.

3. No person shall offer for transport by rail, or cause to be transported by rail, any consignment of cotton cloth except under and in accordance with the terms of

(*a*) a general permit notified by the Central Government in this behalf ; or

(*b*) a special permit issued by the Textile Commissioner, and countersigned by the Regional Controller of Railway Priorities, Bombay, in the Form annexed to this Order.

Provided that this prohibition shall not apply to the transport by rail of cotton cloth not exceeding one and a half maunds in weight by a railway passenger as part of his luggage.

4. Applications for special permits under clause 3 shall be made in quadruplicate in the Form annexed to this Order.

FORM

(See Clauses 3 and 4.)

Application for Special Permit under the Cotton Cloth Movements Control Order, 1943.

INSTRUCTIONS TO APPLICANTS

1. Four copies of the application must be submitted.

2. No application should be made for transport of cotton cloth covered by a GENERAL PERMIT. A Special Permit authorises a movement of cloth which would not otherwise be permissible under the Control Order and the General Permit. A Special Permit does not give special priority which, if necessary, should be applied for on Form " A " as prescribed by the War Transport Department.

3. Only consignors should apply for Special Permits. Special Permits will be signed by an Officer authorised to sign on his behalf by the Textile Commissioner and one copy marked " STATION MASTER'S COPY " and countersigned by the Regional Controller of Railway Priorities, Bombay (which is the only copy on which the Station Master is authorised to act) will be sent to the consignor who will present it to the Station Master at the station of despatch when making his request for wagons.

4. It is an offence under the Defence of India Rules to furnish false information.

5. Only Part I below should be filled in by applicant.

PART I.

To

The Textile Commissioner, Cotton Cloth Movements Section.

Sudama House, Wittet Road, Ballard Estate, Bombay.

Sir, Kindly issue a Special Permit under the Cotton Cloth Movements Control Order, 1943, for the transport by rail of cloth details of which are given below :—

1. Name and full address of consignor.

2. Telegraphic address of consignor.

3. Number of bales that applicant requires to move

(*a*) On this specific occasion,

(*b*) Monthly.

Note :—If the application is for a specific quantity for which only one journey is involved the figure should be placed against (*a*) above. If the applicant wishes to have a permit covering

regular trade for which a monthly quantity can be stated the figure should be entered against (*b*) above.

4. Total weight in tons.

5. Full name of despatching station and the railway on which it is situated.

6. Full name of receiving station and the railway on which it is situated. The name of the deficit zone or surplus area should also be stated.

7. Trade description of cloth including approximate counts and picks.

8. Reasons why Special Permit is required.

9. If cotton cloth is for export, state ;

(*a*) Country.

(*b*) Export Licence Number.

(*c*) Export Licensing Authority.

(*d*) If Import Recommendation received from the Government of the importing country, give details.

All details given above are true to the best of my knowledge and belief.

Place .....

Date .....

Signature of applicant.

PART II.

(Not to be filled in by applicant.)

SPECIAL PERMIT UNDER THE COTTON CLOTH MOVEMENTS CONTROL ORDER, 1943, is hereby granted to the consignor named in the application on reverse to transport by rail bales of cotton cloth of the qualities specified in the said application from
to
(Sd.) Regional Controller of
Railway Priorities, Bombay.

Textile Commissioner.

AGREEMENT FOR UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION.

U. S. A. Department of State Press Release, dated November 10, 1943.

An Agreement for United Nations Relief and Rehabilitation Administration was signed at the White House between noon and 12-30 p.m., November, 9, 1943, on behalf of forty-four Governments or Authorities representing the United Nations or Nations associated with the United Nations in the war. Mr. Franklin D. Roosevelt, President of the United States, signed the Agreement on behalf of the United States of America.

The Agreement establishes the Administration, with a Council which shall be the policy-making body of the Administration, with a view to giving effect to the determination of the United Nations and of the other Nations associated with them in the war that, as stated in the preamble of the Agreement, "immediately upon the liberation of any area by the armed forces of the United Nations or as a consequence of retreat of the enemy the population thereof shall receive aid and relief from their sufferings, food, clothing and shelter, aid in the prevention of pestilence and in the recovery of the health of the people, and that preparation and arrangements shall be made for the return of prisoners and exiles to their homes and for assistance in the resumption of urgently needed agricultural and industrial production and the restoration of essential services."

The Agreement was signed on behalf of the following :—

The Commonwealth of Australia, Belgium, Bolivia, the United States of Brazil, Canada, Chile, China, Colombia, Costa Rica, Cuba, Czechoslovakia, the Dominican Republic, Ecuador, Egypt, El Salvador, Ethiopia, The French Committee of National Liberation, Greece, Guatemala, Haiti, Honduras, Iceland, India, Iran, Iraq, Liberia, Luxembourg, the United Mexican States, the Netherlands, New Zealand, Nicaragua, Norway, Panama, Paraguay, Peru, the Philippine Commonwealth, Poland, the Union of South Africa, The Union of Soviet Socialist Republics, The United Kingdom of Great Britain and Northern Ireland, The United States of America, Uruguay, Venezuela and Yugoslavia.

It is provided in Article IX of the Agreement that it shall enter into force with respect to each signatory on the date when signed by that signatory, unless otherwise specified by such signatory. The Agreement was signed on behalf of fourteen Governments with a reservation or statement to the effect, in

each case, that the Agreement was signed subject to ratification or legislative approval. The fourteen Governments on behalf of which the Agreement was signed with such a reservation or statement are as follows: Chile, Colombia, Cuba, Ecuador, Ethiopia, Guatemala, India, Iran, Iraq, Mexico, Nicaragua, Peru, Uruguay and Venezuela.

Article V of the Agreement provides that each member Government shall contribute to the support of the Administration in so far as its appropriate constitutional bodies shall authorize.

Agreement for United Nations Relief and Rehabilitation Administration.

The Government or Authorities whose duly authorized representatives have subscribed hereto,

Being United Nations or being associated with the United Nations in this war,

Being determined that immediately upon the liberation of any area by the armed forces of the United Nations or as a consequence of retreat of the enemy the population thereof shall receive aid and relief from their sufferings, food, clothing and shelter, aid in the prevention of pestilence and in the recovery of the health of the people, and that preparation and arrangements shall be made for the return of prisoners and exiles to their homes and for assistance in the resumption of urgently needed agricultural and industrial production and the restoration of essential services,

Have agreed as follows:

ARTICLE I

There is hereby established the United Nations Relief and Rehabilitation Administration.

1. The Administration shall have power to acquire, hold and convey property, to enter into contracts and undertake obligations, to designate or create agencies and to review the activities of agencies so created, to manage undertakings and in general to perform any legal act appropriate to its objects and purposes.

2. Subject to the provisions of Article VII, the purposes and functions of the Administration shall be as follows:

(*a*) To plan, co-ordinate, administer or arrange for the administration of measures for the relief of victims of war in any area under the control of any of the United Nations through the provision of food, fuel, clothing, shelter and other basic necessities, medical and other essential services; and to facilitate

in such areas, so far as necessary to the adequate provision of relief, the production and transportation of these articles and the furnishing of these services. The form of activities of the Administration within the territory of a member government wherein that Government exercises administrative authority and the responsibility to be assumed by the member government for carrying out measures planned by the Administration therein shall be determined after consultation with and with the consent of the member government.

(*b*) To formulate and recommend measures for individual or joint action by any or all of the member Governments for the co-ordination of purchasing, the use of ships and other procurement activities in the period following the cessation of hostilities, with a view to integrating the plans and activities of the Administration with the total movement of supplies, and for the purpose of achieving an equitable distribution of available supplies. The Administration may administer such co-ordination measures as may be authorized by the member governments concerned.

(*c*) To study, formulate and recommend for individual or joint action by any or all of the member Governments measures with respect to such related matters, arising out of its experience in planning and performing the work of relief and rehabilitation, as may be proposed by any of the member Governments. Such proposals shall be studied and recommendations formulated if the proposals are supported by a vote of the Council, and the recommendations shall be referred to any or all of the member Governments for individual or joint action if approved by unanimous vote of the Central Committee and by vote of the Council.

ARTICLE II

Membership.—The members of the United Nations Relief and Rehabilitation Administration shall be the Governments or authorities signatory hereto and such other Governments or authorities as may upon application for membership be admitted thereto by action of the Council. The Council may, if it desires, authorize the Central Committee to accept new members between sessions of the Council.

Wherever the term " member Government " is used in this Agreement it shall be construed to mean a member of the Administration whether a government or an authority.

ARTICLE III

The Council.—1. Each member government shall name one representative, and such alternates as may be necessary, upon the Council of the United Nations Relief and Rehabilitation

Administration, which shall be the policy-making body of the Administration. The Council shall, for each of its sessions, select one of its members to preside at the session. The Council shall determine its own rules of procedure. Unless otherwise provided by the Agreement or by action of the Council, the Council shall vote by simple majority.

2. The Council shall be convened in regular session not less than twice a year by the Central Committee. It may be convened in special session whenever the Central Committee shall deem necessary, and shall be convened within thirty days after request therefor by one-third of the members of the Council.

3. The Central Committee of the Council shall consist of the representatives of China, the Union of Soviet Socialist Republics, the United Kingdom, and the United States of America, with the Director General presiding, without vote. Between sessions of the Council it shall when necessary make policy decisions of an emergency nature. All such decisions shall be recorded in the minutes of the Central Committee which shall be communicated promptly to each member government. Such decisions shall be open to reconsideration by the Council at any regular session or at any special session called in accordance with Article III, paragraph 2. The Central Committee shall invite the participation of the representative of any member government at those of its meetings at which action of special interest to such government is discussed. It shall invite the participation of the representative serving as Chairman of the Committee on Supplies of the Council at those of its meetings at which policies affecting the provision of supplies are discussed.

4. The Committee on Supplies of the Council shall consist of the members of the Council, or their alternates, representing those member governments likely to be principal suppliers of materials for relief and rehabilitation. The members shall be appointed by the Council, and the Council may authorize the Central Committee to make emergency appointments between sessions of the Council, such appointments to continue until the next session of the Council. The Committee on Supplies shall consider, formulate and recommend to the Council and the Central Committee policies designed to assure the provision of required supplies. The Central Committee shall from time to time meet with the Committee on Supplies to review policy matters affecting supplies.

5. The Committee of the Council for Europe shall consist of all the members of the Council, or their alternates, representing member governments of territories within the European area and such other members of the Council representing other governments

directly concerned with the problems of relief and rehabilitation in the European area as shall be appointed by the Council; the Council may authorize the Central Committee to make these appointments in cases of emergency between sessions of the Council, such appointments to continue until the next session of the Council. The Committee of the Council for the Far East shall consist of all the members of the Council, or their alternates, representing member governments of territories within the Far Eastern area and such other members of the Council representing other governments directly concerned with the problems of relief and rehabilitation in the Far Eastern area as shall be appointed by the Council; the Council may authorize the Central Committee to make these appointments in cases of emergency between sessions of the Council, such appointments to continue until the next session of the Council. The regional committees shall normally meet within their respective areas. They shall consider and recommend to the Council and the Central Committee policies with respect of relief and rehabilitation within their respective areas. The Committee of the Council for Europe shall replace the Inter-allied Committee on European post-war relief established in London on September 24, 1941 and the records of the latter shall be made available to the Committee for Europe.

6. The Council shall establish such other standing regional committees as it shall consider desirable, the functions of such committees and the method of appointing their members being identical to that provided in Article III, paragraph 5 with respect to the Committees of the Council for Europe and for the Far East. The Council shall also establish such other standing committees as it considers desirable to advise it, and, in intervals between sessions of the Council to advise the Central Committee. For such standing technical committees as may be established, in respect of particular problems such as nutrition, health, agriculture, transport, repatriation, and finance, the members may be members of the Council or alternates nominated by them because of special competence in their respective fields of work. The members shall be appointed by the Council, and the Council may authorize the Central Committee to make emergency appointments between sessions of the Council, such appointments to continue until the next session of the Council. Should a regional committee so desire, sub-committees of the standing technical committees shall be established by the technical committees in consultation with the regional committees, to advise the regional committees.

7. The travel and other expenses of members of the Council and of members of its committees shall be borne by the governments which they represent.

8. All reports and recommendations of committees of the Council shall be transmitted to the Director General for distribu-

tion to the Council and the Central Committee by the secretariat of the Council established under the provisions of Article IV, paragraph 4.

ARTICLE IV.

The Director General.—1. The executive authority of the United Nations Relief and Rehabilitation Administration shall be in the Director General, who shall be appointed by the Council on the nomination by unanimous vote of the Central Committee. The Director General may be removed by the Council on recommendation by unanimous vote of the Central Committee.

2. The Director General shall have full power and authority for carrying out relief operations contemplated by Article I, paragraph 2 (*a*), within the limits of available resources and the broad policies determined by the Council or its Central Committee. Immediately upon taking office he shall in conjunction with the military and other appropriate authorities of the United Nations prepare plans for the emergency relief of the civilian population in any area occupied by the armed forces of any of the United Nations, arrange for the procurement and assembly of the necessary supplies and create or select the emergency organization required for this purpose. In arranging for the procurement, transportation, and distribution of supplies and services, he and his representatives shall consult and collaborate with the appropriate authorities of the United Nations and shall, wherever practicable, use the facilities made available by such authorities. Foreign voluntary relief agencies may not engage in activity in any area receiving relief from the Administration without the consent and unless subject to the regulation of the Director General. The powers and duties of the Director General are subject to the limitations of Article VII.

3. The Director General shall also be responsible for the organization and direction of the functions contemplated by Article I, paragraphs 2 (b) and 2 (c).

4. The Director General shall appoint such Deputy Directors General, officers, expert personnel, and staff at his headquarters and elsewhere, including field missions, as he shall find necessary, and he may delegate to them such of his powers as he may deem appropriate. The Director General, or upon his authorization the Deputy Directors General, shall supply such secretariat and other staff and facilities as shall be required by the Council and its committees, including the regional committees and subcommittees. Such Deputy Directors General as shall be assigned special functions within a region shall attend meetings of the regional standing committee whenever possible and shall keep it advised on the progress of the relief and rehabilitation program within the region.

5. The Director General shall make periodic reports to the Central Committee and to the Council covering the progress of the Administration's activities. The reports shall be made public except for such portions as the Central Committee may consider it necessary, in the interest of the United Nations, to keep confidential; if a report affects the interests of a member government in such a way as to render it questionable whether it should be published, such government shall have an opportunity of expressing its views on the question of publication. The Director General shall also arrange to have prepared periodic reports covering the activities of the Administration within each region and he shall transmit such reports with his comments thereon to the Council, the Central Committee and the respective regional committees.

ARTICLE V

Supplies and Resources.—1. In so far as its appropriate constitutional bodies shall authorize, each member government will contribute to the support of the Administration in order to accomplish the purposes of Article I, paragraph 2 (a). The amount and character of the contributions of each member government under this provision will be determined from time to time by its appropriate constitutional bodies. All such contributions received by the Administration shall be accounted for.

2. The supplies and resources made available by the member governments shall be kept in review in relation to prospective requirements by the Director General, who shall initiate action with the member governments with a view to assuring such additional supplies and resources as may be required.

3. All purchases by any of the member governments, to be made outside their own territories during the war for relief or rehabilitation purposes, shall be made only after consultation with the Director General, and shall, so far as practicable, be carried out through the appropriate United Nations agency.

ARTICLE VI

Administrative Expenses.—The Director General shall submit to the Council an annual budget, and from time to time such supplementary budgets as may be required, covering the necessary administrative expenses of the Administration. Upon approval of a budget by the Council the total amounts approved shall be allocated to the member governments in proportions to be determined by the Council. Each member government undertakes, subject to the requirements of its constitutional procedure, to contribute to the Administration promptly its share of the administrative expenses so determined.

ARTICLE VII

Notwithstanding any other provision herein contained, while hostilities or other military necessities exist in any area, the Administration and its Director General shall not undertake activities therein without the consent of the military command of the area, and unless subject to such control as the command may find necessary. The determination that such hostilities or military necessities exist in any area shall be made by its military commander.

ARTICLE VIII

Amendment.—The provisions of this Agreement may be amended as follows :

(*a*) Amendments involving new obligations for member governments shall require the approval of the Council by a two-thirds vote and shall take effect for each member government on acceptance by it ;

(*b*) Amendments involving modifications of Article III or Article IV shall take effect on adoption by the Council by a two-thirds vote, including the votes of all the members of the Central Committee ;

(*c*) Other amendments shall take effect on adoption by the Council by a two-thirds vote.

ARTICLE IX

Entry into Force.—This Agreement shall enter into force with respect to each signatory on the date when the Agreement is signed by that signatory, unless otherwise specified by such signatory.

ARTICLE X

Withdrawal.—Any member government may give notice of withdrawal from the Administration at any time after the expiration of six months from the entry into force of the Agreement for that government. Such notice shall take effect twelve months after the date of its communication to the Director General subject to the member government having met by that time all financial, supply or other material obligations accepted or undertaken by it.

In Witness whereof, this Agreement is signed by the following representatives, duly authorized for that purpose by their respective Governments or Authorities.

Done in Washington this ninth day of November, one thousand nine hundred forty-three, in the English language, the original to be deposited in the archives of the Department of State of the United States of America, and certified copies thereof to be furnished by the Government of the United States of America to each of the Governments and Authorities on whose behalf this Agreement is signed.

BANKING LEGISLATION.

Letter No. 24(3)-*TR*(*C.L*)/43 *dated the* 15*th March* 1943 *from Rai Sahib P. M. Mukerji, M.A., Assistant Secretary to the Government of India to* 1. *All Scheduled Banks;* 2. *Chambers of Commerce and Trade Associations ;* 3. *The Associated Chambers of Commerce of India, Calcutta ;* 4. *The Federation of Indian Chambers of Commerce, New Delhi.*

Subject : PROPOSAL TO AMEND SECTION 277-I OF THE INDIAN COMPANIES ACT, 1913.

I am directed to refer to Finance Department letter No. D.7553-F, dated the 5th January 1940, regarding banking legislation, and to enclose a copy of a letter No. C.223/B.S.-50-42, dated the 30th December, 1942, from the Reserve Bank of India, suggesting certain amendments to section 277-I of the Indian Companies Act, 1913, to make it obligatory on every banking company to issue only ordinary shares or in the alternative ordinary, preference or any other kind of shares provided that the capital structure is such as to allow of voting rights in proportion to the capital contributed by each class of share and requiring that the subscribed capital shall not be less than half of the authorised capital and the paid-up capital not less than half of the subscribed capital. I am to request that your views in the matter may kindly be communicated to this Department within a period of two months from the date of this letter.

2. I am to request that four spare copies of your reply may kindly be supplied to this Department.

Copy of letter from the Reserve Bank of India, No. C.223/B.S. 50-42, *dated the* 30*th December* 1942.

I am directed by the Central Board of the Reserve Bank of India to address you on the subject of the regulation of banking in this country, with particular reference to the trends observable in the development of banking since the outbreak of the war and their possible repercussions during the post-war period.

2. The Board were informed in July 1941 of Government's decision not to undertake comprehensive banking legislation on the lines of the Reserve Bank's proposals, under the abnormal conditions created by the war, in view of the possibility of such legislation being controversial, judging by the lack of unanimity of opinion disclosed by the replies received. The Board appreciated the difficulty of proceeding with any controversial legislation of this kind in the growing pre-occupations of the war and acquiesced in the decision, contenting themselves in the meantime with watching how the 1936 amendments to the Companies Act

operated in practice, and making such recommendations to reinforce its administration or amend it as they considered both important and likely to prove non-controversial.

3. We have accordingly been maintaining a careful watch over current banking developments and in view of the recent flotation of a number of new banks have considered it desirable to collect and study particulars about new banks organised since the outbreak of the war. A review was accordingly prepared and placed before the Board at their meeting held in Calcutta on the 14th December last and it is as a result of the Board's consideration of that review that I am now addressing Government. The data are based on published information and at this stage are incomplete in several respects, but we believe that they give, nevertheless, a sufficient indication of certain tendencies which if not combatted in time, may have widespread undesirable consequences, at least after the stimulus of war production is removed.

4. Since the submission of our proposals for banking legislation in September 1939, 38 new banking companies, including 2 in Indian States, have come into existence. Out of the 36 banks which have been registered in British India, 16 have an authorized capital of Rs. 5 lakhs or over and in 6 cases the paid-up capital is also known to be over this limit. The authorized capital ranges from Rs. 1 lakh to Rs. 20 crores and on this basis the 36 banks can be classified as under :

Authorised capital one crore or over	7
„ „ 50 lakhs or over but less than 1 crore ..	2
„ „ 20 „ „ „ „ „ „ 50 lakhs ..	4
„ „ 10 „ „ „ „ „ „ 20 lakhs ..	5
„ „ 5 „ „ „ „ „ „ 10 lakhs ..	6
„ „ 1 lakh or over but less than 5 lakhs ..	12
	36

5. As there was a considerable divergence of opinion in regard to our proposals in respect of the minimum amount of capital, with which a bank should be permitted to commence business, we do not wish to raise this issue at present though we would observe that, while a few of the new banks have started with large and even grandiose amounts of capital, the majority of the new institutions seem to have commenced business with paid-up capital which would be generally regarded as inadequate. What, however, seems to us to be really disquieting is that of the 13 banks whose subscribed and paid-up capital are known, only 4 banks satisfy the proportion suggested by us, *viz.*, that the subscribed capital should be half the authorized capital and that the paid-up capital should be half the subscribed capital. For the reasons given in paragraph 9 of our Explanatory Memorandum

on our original proposals, we consider this practice highly undesirable, and likely to deceive the public, and, so far as we can judge, legislative action to rectify, it would not be regarded as controversial.

6. There is a further undesirable development to which we would invite the attention of Government. Particulars regarding the division of capital into preference, ordinary and deferred shares are available in respect of 23 banks out of which 13 have an authorized or paid-up share capital of Rs. 5 lakhs or over. Of these latter, 4 have preference, ordinary and deferred shares, 3 have preference and ordinary shares, while the remaining have only ordinary share capital. In one case the preference share capital is more than twice the ordinary share capital and there are no deferred shares, but where all three kinds of capital occur, the ordinary share capital is larger than the preference, which in turn exceeds the deferred. In several such cases the inference is that the distribution of shares among the various categories has been so arranged as to ensure a controlling voice in the management to an individual or a small group. The various devices adopted in this regard are :—

(i) a portion of the capital is raised through preference shares without any voting rights ;

(ii) the nominal value of the deferred shares, which could easily be distributed among the promoters and their adherents, is kept very low and the holder of one such share is given the same voting right as is enjoyed by a person holding an ordinary share many times the value of the deferred ;

(iii) only a small amount of the nominally large value of ordinary shares is called up.

The dangers of this practice are not confined to the preference and ordinary shareholders, who, it might be argued, should read the prospectus and judge for themselves. What we are concerned about is the risk to the public. As, if profits in any particular year are large, a disproportionately large share will accrue to the deferred shareholders, there will be a strong temptation to the management to indulge in unsafe or speculative business without proper regard for the interests of the depositors.

7. A similar danger attends the various devices to get round the principle underlying Section 277H of the Companies Act, which prohibits a bank being managed by a managing agent other than another banking company. Many of the banks appear to owe their origin to the efforts of one or two enterprising individuals who have got themselves appointed as the Managing Directors and it is not uncommon for the Managing Director to enter into an agreement with the Bank for a long term varying

from 15 to 20 years, the latter period being the most usual, ensuring him a fairly high salary and allowances and in certain cases a percentage of profits after the bank is able to declare a specified rate of dividend which is generally fixed at a low figure. Where the prospects of profit sharing are high the salary of the Managing Director is kept low so as to make the fixed part of his remuneration look modest. Eight of the new banks have provisions of this sort in their constitution. As we pointed out in paragraph 7 of our Explanatory Memorandum, Section 277H seemed capable of evasion, and we are referring these cases separately to Government so that they may examine whether they comply with the law, and if they do, whether any drafting amendment of the section can be effected to stop what we consider an undesirable development.

8. The Board view with concern these features of the new banks as in their opinion they militate against the development of banking on healthy lines. Anxious as they are to see banking make rapid strides in the country, they are equally anxious that any step taken forward is taken in the right direction. In ordinary circumstances they would have been content to look to the comprehensive banking legislation which they have recommended to secure this in due course. They feel, however, that in the present conditions some more positive action is called for. In the first place there is an ever-increasing quantity of money in the market seeking avenues of profitable employment. As some of the usual industrial channels are closed as a result of war conditions the result is a large increase in the deposits with banks and a temptation to regard the flotation of new banking companies as one of the solutions of the problem of investing surplus funds profitably. Whether in the existing conditions the mere organization of new banks is or is not likely to provide the necessary avenues for profitable employment of funds is a matter on which there might be difference of opinion, but the Board feel that more than ordinary caution is called for in the organization and management of new banks in view of the difficulties and the disturbances which the post-war period is certain to bring. In their view it is of the utmost importance that the capital structure and the system of management of banks should be of such a nature as to minimize the temptation towards an over-ambitious and get-rich-quick policy and to encourage in its stead cautious and steady banking on well tried orthodox lines.

9. Viewing the problem in this light the Board would welcome any action that Government may be in a position to take after consulting Provincial Governments and commercial opinion, first to add to Section 277I of the Companies Act a further proviso that the subscribed capital must not be less than half of the authorized capital and the paid-up capital not less

than half of the subscribed capital, and second that no banking company shall have other than ordinary shares. The capital structure of a bank has an important bearing on the mode of its management and since the failure of a bank does far greater harm than the failure of any other kind of company owing to its repercussions not only on the savings and fortunes of the actual depositors, but also on the general economic fabric of the country, the Board consider that measures should be taken to eliminate these factors which are likely to encourage speculative banking in these uncertain times. With this object in view the Board would have made definite recommendations for immediate legislation but they refrain from doing so since questions of capital structure and management affect not only banks but other companies and though the Board consider that in respect of the matters referred to above a difference can be drawn between banks and other companies they recognize that it will be necessary to examine the effect of any corrective legislation on the capital structure and method of management of companies in general. They also realize that Government might be unwilling to embark on legislation at this time which however desirable might be regarded as controversial, and though they hope that this will not be the case with their present suggestions, this can only be ascertained by consultation. They would therefore recommend that if Government agree in their general conclusions they have the matter further examined and formulate the lines on which corrective action can be taken after consulting public opinion.

10. The question whether any legislation that may be introduced should or should not have retrospective effect and that after a reasonable period existing institutions should be compelled to fall into line is an important one which has also to be considered. The Board feel that if corrective legislation is to be effective there should be provision for an amendment of the constitution of at least the new banking companies organized since the outbreak of the war. If the post-war period should prove difficult owing to the readjustments in economic and commercial spheres that will be necessary to place business on a peace footing again, it will probably be found that these difficulties will try the resources of the new institutions more than those of the longer established and the more experienced ones, while there is no guarantee that the infection will not spread to others. Thus corrective action is necessary not only in the interests of the new institutions themselves but also in the interests of the safety of the system to which they belong and in order to assure that this system does not suffer a setback for lack of suitable precautionary measures. From this point of view it will be seen that the matter is one calling for urgent action on behalf of Government and the Board trust that Government will treat it as such. The Board would like to impress on Government that any action that has to be taken on

these recommendations should be taken quickly in order to prevent as early as possible the creation of new institutions, or the development of those already established, on wrong lines, and would suggest that if Government decide to consult Provincial Governments and commercial opinion a reasonably short time limit should be set for the receipt of replies, in view of the fact that the answers to the issues involved are fairly straightforward.

EXCESS PROFITS TAX.

RESTRICTIONS ON AMOUNTS OF BONUSES AND COMMISSIONS AND ON QUANTITIES OF TRADING STOCKS OF RAW MATERIALS.

Finance Department (Central) Revenues.

NOTIFICATION.

EXCESS PROFITS TAX.

NEW DELHI, *the 27th November* 1943.

No. 10.—The following draft of certain rules which the Central Government proposes to make in exercise of the powers conferred by sub-rule (3) of Rule 12 of Schedule I and sub-rule (2) of Rule 3 of Schedule II of the Excess Profits Tax Act, 1940 (XV of 1940) is published for the information of persons likely to be effected thereby and notice is hereby given that the draft will be taken into consideration on or after the 10th January, 1944.

Any objection or suggestion which may be received from any person in respect of the said draft before the date specified will be considered by the Central Government.

Draft Rules.

1. (1) These Rules may be cited as the Excess Profits Tax (Computation of Profits and Capital) Rules, 1943.

(2) They apply to the whole of British India and to the Excluded and Partially Excluded Areas to which the Excess Profits Tax Act, 1940 (XV of 1940) has been or may hereafter be applied.

2. In these Rules—

(i) "the Act" means the Excess Profits Tax Act, 1940 (XV of 1940);

(ii) "bonus" means any remuneration payable to any employee other than wages, salary or commission;

(iii) " dearness allowance " means any bonus payable to any employee to compensate for the increased cost of living ;

(iv) " manual wage-earner " means any wage-earner employed by way of manual labour and does not apply to any persons employed as clerks, typists, draftsmen or in any similar capacity ;

(v) " wages " means any remuneration payable to a manual wage-earner except by way of dearness allowance or bonus ;

(vi) " cost of living " means, in relation to any period, the proportionate cost, in relation to a common base as shown for that period by the Cost of living Index published by the Provincial Government and appropriate to the area in which the manual wage-earner resides.

3. In applying the provisions of Rule 12 of Schedule I of the Act to the computation of the profits of any chargeable accounting period—

the sum to be allowed in respect of any bonus paid after the 30th November 1943 to any manual wage-earner, other than a dearness allowance, shall not exceed the sum of one quarter of the wages for the period in respect of which the bonus is paid.

4. In applying the provisions of Rule 12 of Schedule I of the Act to the computation of the profits of any chargeable accounting period—

the sum to be allowed in respect of any dearness allowance paid to any employee after the 30th November 1943 shall not exceed—

(i) in the case where the salary or wages, in respect of which the dearness allowance is paid, are paid at the rate of Rupees 25 per month such a sum as, added to the amount of the salary or wages, bears to the amount of the salary or wages the same proportion as the cost of living for the period in respect of which such salary or wages are paid bears to the cost of living for the year ended 31st December 1939 ;

(ii) in the case where the salary or wages, in respect of which the dearness allowance is paid, are paid at the rate of less than Rupees 25 per month the sum that would be allowable if such salary or wages were paid at the rate of Rupees 25 per month ;

(iii) in the case where the salary or wages, in respect of which the dearness allowance is paid, are paid at a rate exceeding Rupees 25 but not exceeding Rupees 60 per month

(*a*) the sum that would have been appropriate if the salary or wages had been paid at the rate of Rupees 25 per month only, plus

(*b*) in respect of such part of the salary or wages as represents payment at the rate of more than Rupees 25 per month three-quarters of the sum that would be allowed if such part had represented salary or wages paid at the rate of Rupees 25 per month ;

(iv) in the case where the salary or wages, in respect of which the dearness allowance is paid, are paid at a rate exceeding Rupees 60 per month—

such part of the dearness allowance that would be allowed in the case of salary or wages paid at the rate of Rupees 60 per month as, added to the amount of the salary or wages, will not give a total which exceeds the rate of Rupees 300 per month.

Provided that where the employer provides food or other essential articles of consumption for an employee at rates less than the retail rates current in the locality in which the employee resides the cash value of such provision as estimated by the Excess Profits Tax Officer shall be treated as a dearness allowance.

5. In relation to chargeable accounting periods commencing after the 31st December 1942, payments in respect of bonuses and commission, exclusive of dearness allowances, payable to persons other than manual wage-earners and persons carrying on business within the definition of sub-section (5) of section 2 of the Act, shall be deemed to be unreasonable and unnecessary if and to the extent to which they exceed—

(i) in the case of a business the standard profits of which are computed by reference to the profits of a standard period.

(*a*) twice the sum that bears to the amount of such payments in the standard period the same proportion that the length of the chargeable accounting period bears to the length of the standard period, or

(*b*) one per cent. of the amount of the profits of the chargeable accounting period as computed for the purpose of assessment to excess profits tax, whichever is the greater ;

(ii) in the case of any other business, one per cent. of the amount of the profits of the chargeable accounting period as computed for the purposes of assessment to excess profits tax.

6. In applying the provisions of Rule 3 of Schedule II of the Act, in respect of trading stocks or stocks of raw materials, as the case may be, to the computation of the average capital during any chargeable accounting period commencing after the 31st December 1942—

there shall be ascertained by the Excess Profits Tax Officer the sum that bears to the sales of the business during such period the same proportion as the average amount of capital represented

by such stocks during the standard period, if any, bears to the sales of the business during the standard period, and the excess, if any, of the average capital so represented during the chargeable accounting period over that sum shall be left out of account.

Provided that in the case of a business in which there is no standard period the sum to be left out of account shall be computed by reference to the proportion borne by such stocks to total sales in the case of similar businesses during their standard periods.

Provided further that no sum shall be left out of account under this Rule without the previous approval of the Inspecting Assistant Commissioner.

Provided further that where the Inspecting Assistant Commissioner is satisfied that the whole or any part, of the excess was, owing to special circumstances, necessarily held for the requirements of the business the sum to be left out of account shall be correspondingly reduced.

Minutes of a Special Meeting of members held in the Bombay Chamber of Commerce at 12 o'clock (noon) on Friday, 17th December 1943, to consider the Excess Profits Tax (Computation of Profits and Capital) Rules, 1943.

MR. L. A. HALSALL, President of the Chamber, presided and was supported by Mr. A. L. Hutson, Vice-President, and Messrs. A. H. Baker, R. W. Bullock, C. J. Damala, W. Kerr, G. H. J. Richmond, W. G. J. Shaw, G. S. Taunton, Members of the Committee.

Among those present were :—

Mr. G. A. H. Alexander ..	Alexander & Co.
,, C. F. Freeman	Andrew Yule & Co., Ltd.
,, Armstrong Smith ..	Armstrong Smith & Co., Ltd.
,, R. Bharucha	
Sir Ness Wadia	Bombay Dyeing & Manufacturing Co., Ltd.
Mr. A. L. Guilford	Bombay Electric Supply and Tramways Co., Ltd.
The Hon'ble Mr. R. H. Parker	Bombay Telephone Co., Ltd.
Sir Joseph Kay, Kt. ..	W. H. Brady & Co., Ltd.
Mr. D. Moir	
,, W. Jenkins	
,, H. G. H. Everitt ..	
,, Van Agnew	Burmah-Shell Oil Storage and Distributing Co., Ltd.
,, D. W. Mullock	

Mr. S. H. Saunders ..	Caltex (India), Ltd.
„ H. Godfrey ..	The Central Agency Ltd.
„ Himatlal T. Muni	Chaturbhuj Bhaichandbhai & Co.
„ C. W. Warrington	Cox & Kings (Agents), Ltd.
„ C. P. Bramble ..	Drennan & Co.
„ B. M. Mehta ..	Fazalbhoy Ltd.
„ B. J. Whitby ..	A. F. Ferguson & Co.
„ H. G. Reissner ..	Firestone Tyre and Rubber Co., Ltd.
„ F. J. Brine ..	Fleming Shaw & Co., Ltd.
„ E. L. C. Gwilt ..	H. J. Foster & Co., Ltd.
„ G. Gardner Lewis ..	
„ C. E. Penn ..	General Electric Co. (India), Ltd.
„ J. Bryson ..	General Motors India Ltd.
„ A. P. Darlow ..	Gill & Co.
„ J. L. Dickie ..	Gillanders Arbuthnot & Co.
„ A. MacIntosh ..	Greaves Cotton & Co., Ltd.
„ C. W. H. P. Waud	Hardcastle Waud & Co., Ltd.
„ M. J. Hill ..	Hill Elliott & Co., Ltd.
„ A. Geddis ..	James Finlay & Co., Ltd.
„ C. F. Morris ..	
„ A. G. Allen ..	Johnson & Philips Ltd.
„ E. J. C. Herring	Jost's Engineering Co., Ltd.
„ J. W. Jessop ..	William Jacks & Co.
„ H. F. Milne ..	Killick Nixon & Co.
„ P. Prideaux ..	
„ W. Rigby ..	Lever Brothers (India) Ltd.
„ A. Moch	Louis Dreyfus & Co., Ltd.
„ B. D. Lokhumalani	May & Baker (India), Ltd.
„ H. K. Tutton ..	Ormerods (India) Ltd.
„ J. E. Cummins ..	Ralli Brothers, Ltd.
„ E. W. A. Richardson	Richardson & Cruddas.
„ C. W. Rosenfeld ..	Sapt Textile Products Ltd.
„ H. Sommer ..	
„ H. Glover ..	E. D. Sassoon & Co., Ltd.
„ C. R. Sharp ..	Sharp and Tannan.
„ G. H. Tannan ..	
„ J. W. Sinclair ..	Standard-Vacuum Oil Co.
„ W. Hutchinson ..	Steel Brothers & Co., Ltd.

Mr. K. T. Engineer	Stewarts and Lloyds of India Ltd.
,, D. R. Mistry	
,, R. R. Bury	J. Stone & Co. (India), Ltd.
Sir H. P. Mody	Tata Sons Ltd.
Mr. Choksi	
,, C. O. Fountain	Turner Morrison & Co., Ltd.
,, S. Arnold	Volkart Brothers.
,, S. O. Sundgren	Western India Match Co., Ltd.
,, T. Byrin	
,, J. N. Rose	The Bank of India Ltd.
,, H. C. MacColl	The Chartered Bank of India Australia and China.
,, T. Van Gulik	Netherlands India Commercial Bank.
,, C. R. Agar	Yorkshire Insurance Co., Ltd.

Mr. C. H. C. Munroe, Secretary, and Mr. H. Royal, Assistant Secretary of the Chamber.

There were also present by invitation :—

Mr. J. Williamson	Army and Navy Stores.
,, T. M. Sturgess	British India General Insurance Co., Ltd.
,, C. B. Cockaine	Honorary Secretary, European Association.
,, J. H. Blackwell ..	Chairman, Karachi Chamber of Commerce.
,, W R. O'Brien	Whiteaway, Laidlaw & Co., Ltd.

THE PRESIDENT opened the proceedings by referring to the Committee's views on the draft rules which had been circulated to members and pointed out that the question was one of great importance to members of the Chamber and to their employees. In view of the number of enquiries he and other members of the Committee had received in the previous week, he said he had thought it best to convene this meeting so as to let members know what had been done and what further action the Committee proposed to take. The rules had first been considered by a Special Sub-Committee consisting of himself, the Vice-President, Mr. Bullock and Mr. Whitby, who had met on 3rd December and made their recommendations to the General Committee a few days later. He stated that he had had an informal talk with Sir John Sheehy, and later he and the other members of the Sub-Committee had an interview with Sir John Sheehy and Mr. Ayers. In that discussion the Committee's views on the draft rules were fully explained, also their reasons for the criticisms of

many of the rules and the changes they proposed, and he thought it as well to give members a brief account of that discussion. In doing so he would deal with the matter under the three headings shown in the Committee's note, namely—

(*a*) Manual wage earners, as defined in Clause 2 (iv) of the rules ;

(*b*) Clerical staff and all other employees excluding manual wage earners whose salaries do not exceed Rs. 500 per mensem ;

(*c*) Managerial staff, viz., all other employees whose salaries are Rs. 500 per mensem or over.

As regards (*a*)—Manual Wage Earners—he stated they had informed Sir John Sheehy that the maxima prescribed by the rules were acceptable in respect of most industries, and were in fact rather on the generous side and to that extent inflationary rather than deflationary. This view would probably require some clarification, as it had since been pointed out to him that dearness allowance which has to be paid by the heavy engineering industry to manual wage earners earning more than Rs. 60 a month is in some cases higher than the maximum proposed in the draft rules.

As regards clerical and other staff as defined under (*b*), the Sub-Committee pointed out to Sir John Sheehy and Mr. Ayers that it was most inequitable to fix a limit of Rs. 300 for salary and dearness allowance combined. They also informed him that they definitely considered that employees in this category should be no worse off than manual wage earners in respect both of bonus and dearness allowance. He thought that Sir John Sheehy was not unimpressed by the argument that dearness allowance should be admissible in the case of all such employees earning salaries up to Rs. 500 a month. They had also explained to Sir John Sheehy at some length their reasons for saying that managerial and supervisory staff earning salaries over Rs. 500 a month were, in the present circumstances, entitled to a compensatory cost of living allowance, and they told him that many companies were in fact paying such allowances to employees drawing up to Rs. 2,000 a month. Sir John Sheehy appeared to remain unconvinced on this point and the President said it would be of assistance if members of the Chamber would forward to the Secretary or, if preferred, to himself confidentially, figures showing the increases in general costs of living which employees earning, say, Rs. 1,500/2,000 a month had now to bear.

The President then referred to Clause 5 of the draft rules, which was the more difficult problem to deal with and more open to objection. He stated that this clause as drafted justified one in thinking that the main object of it was deflation and not

taxation, and that the Sub-Committee had informed Sir John Sheehy that, if in fact the primary object was deflation, Government had made a start from the wrong end and about three years too late. The principle of putting a limit to the amount that may be allowed as a charge in E.P.T. assessments in respect of commissions and bonuses was highly objectionable because, in effect, it would cut across many pre-war contracts and pre-war practice in the remuneration of employees on the basis of a share in profits made. Moreover, it was to be noted that, while bonuses to employees were defined in the rules, no definition of "Commissions" was given. This would require clarification because the rules should not cover commissions paid to employees such as salesmen on the value of orders booked, or commissions to non-employees. The President then read the following extract from the speech made by the Finance Member in the Assembly in October 1941 when the E.P.T. (Second Amendment) Bill was under discussion :—

"I myself believe that when excess profits are being made, there is no reason why everybody who contributes to the making of them (and thereby usually to the war effort) should not receive his fair share. But what we are thinking of is something entirely outside the realm of even debatably legitimate increases of pay or even legitimate bonuses. I would say that it would be quite impossible, it would be quite out of the question for any officer of my Department to raise a query in regard to the type of increase in wages which is normally the subject of negotiation between the employers and the employed and in fact, I would go so far as to say that if the employer raises in regard to a discussion of that kind the question as to whether that increase would be disallowed by the Department, that argument could be dispelled immediately by a reference to the Commissioner. What I had in mind is cases where entirely unjustifiable and on the face of them absurd types of expenditure are indulged in by the assessee merely in order to make away with the profit."

The Sub-Committee, he said, had pointed out to Sir John Sheehy that, when a company paid substantial sums to its Directors and Managers or other employees either by way of commissions or bonuses, Government in any event recovered a large proportion of such payments by way of income-tax and super-tax on the individual incomes. Sir John Sheehy appreciated that and said Government had no desire to enforce any rules which would be inequitable, but he said there had been so many instances in which inordinate amounts had been paid out by way of bonuses and commissions, whether for the purpose of evading tax liability or not, that Government would insist on a ceiling being placed somewhere. The President said the Committee's views were that *bona fide* payments under pre-war contracts or established pre-war practice should not be interfered with, and he thought it ought not to be impossible to devise some other means than the provisions of Clause 5 to deal with the unjustifiable payments to which Sir John Sheehy had referred. He suggested that a limit of bonus equal to three months' salary would not be unreasonable in such cases.

The President went on to say that in the Committee's memorandum no mention had been made regarding Clause 6, because they were of opinion that the provisions of this clause relating to the values of stocks were more or less satisfactory. He said they had formed the impression from the discussion with Sir John Sheehy and Mr. Ayers that the provisions of this clause would not present much difficulty, as the Central Board of Revenue would not be likely to raise much objection, provided they were satisfied that increased stocks were not held unnecessarily or with the object of evading liability to taxation.

The President then called for any comments which members present might desire to make.

SIR JOSEPH KAY enquired whether the Committee were contemplating having further interviews with Sir John Sheehy or whether they would put up the case to the Government of India. To this the President replied that they did not propose to have any further interviews but would proceed to draw up a representation to be sent either direct to the Government of India or to the Associated Chambers of Commerce. He said the question would be discussed at the Annual Meeting of the Associated Chambers, to be held in Calcutta on the 20th December. He himself was unable to go to that meeting but he would be in Calcutta in the beginning of January and would then take the opportunity of discussing the problem with the President of the Associated Chambers.

Sir Joseph Kay went on to say that in his view Clause 5 would upset long standing and common practice, that there should be no half-hearted measures in resisting the proposals in this clause and no compromise, and that the authorities should be told the Chamber's views in unequivocal language. The President replied to this that the Committee were agreed that there should be no compromise on the principle that pre-war contracts and practice in relation to payments of bonuses and commissions must be respected.

MR. A. MCINTOSH stated that he felt too much was being made of the effect of the new rules on individuals, and that there was too great a tendency to stress the question of pre-war contracts. He thought that Government, on the grounds of administrative expediency, were using the E.P.T., which was a company tax, for the purpose of taxing individuals. The Chamber should say so and considered that their protest should be in regard to the effect of the rules on the working of companies who might, in many cases, be compelled to use capital to pay taxation which should rightly be paid by the individual. The President said he assumed that in stating that a company might have to use capital to pay tax which should rightly be paid by

the individual, Mr. McIntosh was proceeding on the assumption that a company would pay the total commissions and bonuses to which its officers might be entitled, regardless of whether the whole of this amount would be allowable in E.P.T. assessments. Mr. McIntosh said this was so, and the President pointed out that there was another aspect of the matter, namely, that if the rules came into force in their present form some employers might say they were unable to pay the full commissions or bonuses to which their employees were entitled.

SIR HOMI MODY said he had had an informal discussion with Sir John Sheehy and he had made the point that where the allowances, particularly to manual wage earners, were lower than those permitted by the rules employers might be forced to raise their allowances to the maximum permitted. Sir Homi Mody considered it was wrong to link dearness allowances to the cost of living index number. Index numbers, he pointed out, were sometimes fantastic and different centres had their own methods of compiling those figures. It would be much better, in his opinion, to have allowances linked with wages.

Sir Homi Mody then referred to the question of trading stocks and stocks of raw materials. He said these should not be dealt with separately but should be considered together in one lump sum, and he was of opinion that an increase of 25 per cent. in the value of stock in the Chargeable Accounting Period over the Standard Period should be permitted, as merchants were in many cases forced to lay in additional stocks owing to transport and other difficulties. Sir Homi Mody finally suggested that, as this question was of such great importance, two representatives each from the Associated Chambers of Commerce of India, the Federation of Indian Chambers of Commeree, the Employers' Federation of India, the Bombay Millowners' Association and the All-India Organisation of Industrial Employers should constitute a Committee with full authority to take such joint action as might be agreed upon.

In reply to Sir Homi Mody, the President said he agreed that cost of living indices were not always a reliable basis on which to assess allowances, but that the Committee did not think one Chamber or Association could properly specify what allowances should be granted on different scales of salaries. This, he thought, should be a matter for consideration by All-India Associations. As regards Sir Homi Mody's comments on the question of trading stocks and stocks of raw materials, he said the Committee accepted the suggestion that these should be considered together and not separately. One member had already made another suggession to the Committee in this regard, namely, that in the absence of proof of hoarding, those concerns be exempted from

the operation of the rules, the average of whose opening and closing stocks of the chargeable accounting period, after deducting the average stock held against sales is less than 33⅓ per cent. of the sales turnover of the chargeable accounting period.

The President thought the members would agree that this suggestion was, if anything, rather more favourable than Sir Homi Mody's.

The members present were all in agreement with Sir Homi Mody's proposal that the problem should be considered by the representatives of each of the All-India Associations he had named, and the President undertook to convey this proposal at once to the Associated Chambers by a letter which he would hand to Mr. Bramble who was leaving the same evening for Calcutta and would be present at the Associated Chambers meeting.

MR. A. L. GULLFORD raised the question of allowances which employers were obliged to give as the result of adjudication awards in industrial disputes. The President said that in their representation to Government the Committee would make it clear that, apart from any allowance that may be based on Provincial cost of living index figure, employers must in all cases be permitted as a charge any allowances or bonuses which they have to pay as a result of an adjudication award by any Provincial Government.

MR. J. WILLIAMSON stated that in his opinion the rules should not in any event have retrospective effect. To this the President replied that, although this particular point was not mentioned in the memorandum circulated to members, the Sub-Committee had already told Sir John Sheehy that in their view the rules, if adopted, should not come into force before 1st April 1944.

A vote of thanks to the President terminated the proceedings.

Letter No. 2618/70A, *dated* 17*th December* 1943, *from the Bombay Chamber of Commerce to the Associated Chambers of Commerce of India, Calcutta.*

The Excess Profits Tax (Computation of Profits and Capital) Rules, 1943.

At a special general meeting of the members of the Bombay Chamber of Commerce held to-day to consider the above Rules, the attached memorandum embodying the views of the Committee was approved, subject to alterations, referred to hereunder, in one or two matters of detail. It was also unanimously agreed

that the Associated Chambers should be advised of this and be asked to take prompt action in conjunction with the following four Associations to represent the matter to the Central Board of Revenue :—

1. The Federation of Indian Chambers of Commerce.
2. The Employers' Federation of India.
3. The All-India Association of Industrial Employers.
4. The Bombay Millowners' Association.

It was suggested that 2 delegates of each of these bodies should meet with a view to drawing up a representation.

The points of detail above mentioned are :—

Dearness allowance to manual wage earners.—The Committee's comments on this may require some amendment as in some industries, for example, heavy engineering, the dearness allowance paid to manual wage earners earning over Rs. 60 a month is on a scale higher than the Bombay Millowners' Association scale of allowances based on the cost of living index figure.

It was further agreed that apart from any allowance by way of dearness allowance or bonus that may be based on a Provincial cost of living index figure, employers must in all cases be allowed, as a charge in the computation for E.P.T., any allowances or bonuses which they have to pay to any of their employees as a result of an adjudication award by any Provincial Government.

Dearness allowance based on cost of living index figure.—One member drew attention to the fact that the cost of living index figures generally are an unreliable basis on which to assess any allowances and that it was preferable to have dearness allowances directly linked to salaries and wages and to be graded for different scales. The President replied that he agreed that cost of living indices were not a reliable basis on which to assess allowances but pointed out that the Committee did not think that only one Chamber or Association could properly specify what allowances should be granted on different grades of salaries. This should be a matter for consideration by All-India associations.

Stocks.—The wording of Clause 6 would appear to indicate that the values of trading stocks and stocks of raw materials should be computed separately. It is the opinion of the Bombay Chamber that they should be grouped together, i.e., the wording of the clause should be—

"In applying the provisions of Rule 3 of Schedule II of the Act in respect of trading stocks *and* stocks of raw materials."

It was also suggested that in any event the value of stocks to be allowed in the C.A.P. should be at least 25 per cent. over the figure for the standard period. In reply to the latter point the

President stated that another proposal had been made in a letter from a member, namely—

that in the absence of proof of hoarding, those concerns be exempted from the operation of the rules, the average of whose opening and closing stocks of the chargeable accounting period, after deducting the average stock held against sales is less than 33⅓ per cent. of the sale turnover of the chargeable accounting period.

The President added that these two alternatives would require consideration but that he thought the latter would prove to be preferable.

General.—It was the opinion of the meeting that the Rules when brought into force should not in any event have retrospective effect.

The meeting endorsed the opinion of the Committee in regard to the objectionable features of Clause 5 and agreed that there must be no compromise on the principle that pre-war contracts and practice in relation to payments of bonus and commission must be respected.

Letter No. 23/70A, dated 4th January 1944, from the Bombay Chamber of Commerce to the Secretary to the Government of India, Department of Finance (Central Revenues), New Delhi.

Excess Profits Tax (Computation of Profits and Capital) Rules, 1943.

These draft rules which were published in the *Gazette of India* dated 27th November 1943 have been carefully considered by the Committee of this Chamber and by the members in general meeting, and I am now directed to apprise you as briefly as possible of their views.

2. In May last year the Central Board of Revenue asked this Chamber, in common with other Associations, to give their views as to the form and content of the rules to be made under the provisions of the E.P.T. Act in regard to payments of bonuses and commissions and the values of trading stocks and stocks of raw materials to be admissible in computations to E.P.T. The Committee replied that they considered Government should draft the rules and circulate them for opinion, but at the same time they enunciated certain principles which, in their opinion, should constitute the framework around which the proposed rules should be built. For convenience of reference these are recapitulated hereunder :—

(1) The amounts payable for any commissions or bonuses under agreements made prior to the outbreak of war should be allowed as deductions in assessments to excess profits tax. Similarly, also payments under any established pre-war practice as regards the grant of bonuses should be allowed

as deductions in assessments to excess profits tax even though such practice was not regulated by any service agreement.

(2) The payment of any commission or bonus to a person promoted since the outbreak of war to a post which, before the war, carried with it remuneration by commission and/or bonus should be allowed as a deduction in assessments to excess profits tax provided there was no substantial alteration in the basis on which the commission and/or bonus was payable.

(3) Any bonuses paid specifically in lieu of cost of living allowances should also be allowed as a deduction in assessments; also bonuses paid *bona fide* as compensation for extra work done.

In regard to trading stocks and stocks of raw materials—Rule 3 (2)—the Committee did not think it would be found practicable to lay down any general principles as to the quantum or value of stocks to be left out of account, as conditions varied so greatly as between one type of business or industry and another, and between the position of companies engaged in the same or similar businesses and/or industries. The following, among many other considerations, were noted—

(1) Owing to the variations in seasonal supply of goods and materials, and the existing difficulties regarding transport, the stocks held by any two companies at any one time might vary greatly, owing to differing views on general policy and their ability to finance stocks which they wished to hold.

(2) It would often happen that the factors mentioned above—seasonal availability of supplies and of the necessary transport facilities—would result in companies holding on the date on which their annual accounts were closed larger stocks than would be the normal average throughout the greater part of the trading year.

(3) The balance sheet dates of companies in the same industry varied and the above factors must again vary accordingly.

3. My Committee can only conclude from a study of the draft rules that the principles set out above have not been given due consideration, and to the extent that the rules conflict with these principles they are definitely unacceptable.

4. The Act under which these rules are to be formulated is a taxing Act and it is therefore justifiable to assume that any rules made under such an Act would be designed mainly to ensure that the object of the Act itself is not frustrated. It is the opinion of my Committee that the rules as drafted go far beyond that and are, in fact, an attempt to tackle the problem of deflation. This Chamber realises only too well the urgent need to prevent any further inflation in India but they consider that an attempt at this stage to bring about deflation by what, in effect, is a restriction of remuneration to a limited section of the community is wholly wrong, in view of the failure of the authorities in this country to exercise any adequate control over the prices of necessaries of life.

At this stage I am to remind Government of the statement made by the Finance Member in the Central Assembly in October 1941 during the discussions of the E.P.T. (Second Amendment) Bill to the effect that Government's object was to

deal with entirely unjustifiable and on the face of them absurd types of expenditure indulged in by assessees merely in order to make away with profits. It is clear from the Finance Member's speech at that time that Government were concerned only with artificial or fictitious transactions and not with payments made to employees in the ordinary course of business, and my Committee consider that to make use of rules under an Ordinance (No. XVI of 1943) to restrict such *bona fide* payments is contrary to the assurances given by the Finance Member at the time, and is not only indefensible but is tantamount to a breach of faith.

5. It is the opinion of my Committee that even as an attempt to tackle the problem of deflation the rules as drafted provide for payments to manual labourers which are on the whole in excess of the average payments being made at the present time in many industries; to this extent the proposals are, if anything, inflationary rather than deflationary. The classes against whom the rules appear to be principally directed and who will be most seriously affected if they come into operation are the salary earners and supervising staff in companies and industrial concerns. It is submitted that the first of these classes is in fact the very one which has been already most severely hit by the rise in the cost of living and whose remuneration has not increased in the same proportion as that of manual workers. Both classes also are those which without any doubt pay their quota of taxation in full, which unfortunately cannot be said of all sections of the trading community.

6. It is submitted that among the prime causes of inflation in this country are, not the payment of increased salaries or remuneration to clerical workers or commissions to senior staff based on contractual obligations but the large profits made by individual traders, many of whom are skilled in the avoidance of tax payments, the large payments by Government and the present high salaries offered by the Defence Services and Government Departments, and the greatly increased earnings of industrial workers.

7. The provisions of Clause 5 appear to indicate that Government do not properly appreciate that commercial organizations remunerate their employees under widely differing systems. Some, particularly in large companies, receive salaries with regular annual increments, and provident funds and very frequently pensions on retirement. In such firms the employees are not accustomed to receive bonuses or commissions and, in fact, are not concerned with the profits in any way. On the other hand, there are many firms and companies whose employees depend, to a considerable extent, on extra remuneration—whether by way of bonus or commission—which is based on profits

earned, and it is these people who will be particularly hard hit if the rules as drafted are brought into force. Many of these firms were passing through a severe depression for several years before the war and the employees in question did not receive any appreciable sum by way of bonus or commission. Such men in times when profits are being made are only too glad to seize the opportunity to save a modest competence against their retirement, and this section of the community, in the opinion of my Committee, is not the one responsible for the present "inflationary tendencies."

8. It is noted that in respect of bonus to manual workers and dearness allowance to any employee it is proposed to make the rules applicable to any such payments after 30th November 1943, and in respect of bonus and/or commission payable to any employee other than a manual wage earner they are to apply to C.A. Periods commencing next after the 31st December 1942. My Committee's view of this is that the discrimination thus shown against the non-manual wage earner is unjustifiable, but in any event they wish to state that, if the rules are brought into force, they strongly object to their being made retrospective. They should not come into force, whether in the present or any amended form, before the beginning of the next fiscal year, viz., 1st April 1944.

9. I have now to refer to certain details of the draft rules, on which my Committee have the following observations to make :—

10. *Clause* 2.—" Bonus " is defined as any remuneration payable to any employee, other than wages, salary or commission. There is no definition of the word " Commission " and such a definition is necessary, otherwise any limitation of commission would also apply to commission paid to non-employees such as selling agents and brokers. My Committee also consider it necessary to make it clear that commission does not include " commission " paid to employees such as salesmen on the basis of the values of orders which they secure.

Clause 2 (3).—My Committee consider it wrong to define " dearness allowance " as bonus. The word " allowance " should be substituted for the word " bonus" in this sub-clause.

11. *Clause* 4.—The application of the detailed provisions of this clause would, my Committee consider, be quite impracticable as, in order to ensure that no company charged in its accounts a dearness allowance higher than prescribed in sub-clauses (1) to (4) would necessitate the E.P.T. Officer examining the Wages List to check the allowances actually paid to every employee. It would be preferable and much more simple

of application to provide for a flat rate of allowance based on the cost of living index number and the pre-war average wage in each industry at each centre.

The proviso to Clause 4 is objectionable because in most instances cheap food and cloth shops for the benefit of workers have been set up by employers at the specific request of Provincial Governments. Further, employers have been given quite clearly to understand that the expenses of running such shops and any loss incurred by the sale of goods to their employees at cheaper than current retail market prices would be allowed as a charge against profits. Furthermore, in practice, the calculations of benefits to individual workers would involve a quite disproportionate amount of labour. Shops which at present sell for cash would be obliged to keep a written record of every sale to every worker and a record, if obtainable, of the current market price for each commodity dealt in. The work involved in computing the benefits, therefore, would be so great that, in practice, almost all shops would have to be closed down. My Committee, therefore, suggest that the application of this proviso be limited to those industries where a major part of the contribution to employees' dearness allowance consists of the supply of food and other necessities at pre-war prices or prices substantially below current levels.

At the beginning of this letter reference has been made to employees other than manual wage-earners and my Committee consider that the provisions of the rules, both as regards dearness allowance and bonus, are definitely unfair in the case of such employees. They note that by Clause 4 (4) Government, by implication, consider it unreasonable to pay a dearness allowance to any employee in cases where the allowance plus salary would exceed Rs. 300 a month. This my Committee cannot accept because, as stated earlier in this letter, they are definitely of opinion that employees of the class referred to are as much entitled to help in the way of cost of living allowance as any manual wage-earner. They accordingly propose that in the case of any employee, other than a manual wage-earner, dearness allowance shall be admissible on the following scale :—

(1) *Monthly basic salary not exceeding Rs.* 150.—33⅓ per cent. of basic salary or the sum which would be payable to a manual wage-earner according to the scale in force at the same centre, whichever is higher.

(2) *Monthly basic salary from Rs.* 151/500.—25 per cent. of basic salary or Rs. 50 whichever is the higher.

(3) *Monthly basic salary Rs.* 501 *and over.*—20 per cent. of the basic salary or Rs. 135, whichever is the higher, subject to a maximum allowance in all cases of Rs. 300 a month.

12. In the preamble to this letter I have set out my Committee's general objections to the principles involved in Clause 5 and pointed out that they consider there must be no interference with the remuneration due to any employee which is based on a pre-war contract or which, if not the subject of an actual contract, is calculated in accordance with established pre-war custom. They consider that the maxima prescribed in Clause 5 are most unequitable. As examples of the difficulty of prescribing any equitable percentage I am to mention that my Committee know of cases where 1¼ per cent. of the profits of the C.A.P. as computed for assessment to E.P.T. would have produced a sum very much larger than necessary to provide reasonable bonuses to the staff. They also know of other cases where, in order to provide bonus equal to one month's salary, it will be necessary to take 9 per cent. of the profits as computed for assessment to E.P.T. Further, in relation to companies, the senior Managing Staff of which are remunerated largely by commission on profits, it is not unusual for the total of such commission to amount to 25 per cent. of the assessable profits. They consider it is, therefore, impossible to make any equitable proposals on the basis of either a percentage of profits or on the basis of bonuses and commissions paid in the standard period.

13. My Committee appreciate that there must be many instances in which sums charged in accounts for bonuses are unduly high and bear no relation to pre-war practice or to what is fair and reasonable to the employee, many of which payments no doubt are designed deliberately to evade liability to taxation. They suggest, therefore, that all it is necessary to provide in Clause 5 is the maximum bonus that may be paid to any employee whose scale of remuneration is not the subject of a pre-war contract nor based on established pre-war practice, and that the maximum might reasonably be a bonus equivalent to three months' basic salary.

14. My Committee see no reason to alter the view which they expressed in May last year, and which is quoted in paragraph 2 of this letter, regarding stocks of raw materials and trading stocks, more particularly because at the present time all industrial concerns must be making an effort to reduce the high-priced stocks which they hold. As regards stocks of raw materials and finished products which are in excess of normal owing to large commitments to various Government Departments, it should not be difficult for any assessee to prove to the Income-tax Authorities that the bulk of these stocks have not been under his control. In fact, in many cases manufacturers have had to suffer some financial loss owing to their carrying stocks larger than were necessary in normal times.

15. In conclusion, I am to refer to the telegram which was sent to you on the 27th December by the Presidents of this Chamber, the Employers' Federation of India, the Bombay Millowners' Association and the Indian Merchants' Chamber asking that the date for submission of opinion on these draft rules should be extended from the 10th to the 31st January. My Committee are disappointed and unpleasantly surprised at Government's refusal to accede to what they consider was a very reasonable request.

INDIAN FINANCE ACT, 1943.

ACT NO. VIII OF 1943.

[PASSED BY THE INDIAN LEGISLATURE.]

(Received the assent of the Governor General on the 29th March, 1943.)

An Act to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, to continue for a further period of one year the additional duties of customs imposed by section 6 of the Indian Finance Act, 1942, to fix rates of income-tax and super-tax, to continue the charge and levy of excess profits tax and fix the rate at which excess profits tax shall be charged, and to amend the Indian Finance (Supplementary and Extending) Act, 1931.

Whereas it is expedient to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898 (VI of 1898), to continue for a further period of one year the additional duties of customs imposed by section 6 of the Indian Finance Act, 1942 (XII of 1942), to fix rates of income-tax and super-tax, to continue the charge and levy of excess profits tax and fix the rate at which excess profits tax shall be charged, and to amend the Indian Finance (Supplementary and Extending) Act, 1931 ;

It is hereby enacted as follows :—

1. *Short title and extent.*—(1) This Act may be called the Indian Finance Act, 1943.

(2) It extends to the whole of British India.

2. *Fixation of salt duty.*—The provisions of section 7 of the Indian Salt Act, 1882 (XII of 1882), shall, in so far as they enable the Central Government to impose by rule made under that section a duty on salt manufactured in, or imported into, any part of British India, be construed as if, for the year beginning on the 1st day of April, 1943, they imposed such duty at the rate of one rupee and four annas per maund of eighty-two and two-sevenths pounds avoirdupois of salt manufactured in, or imported by land into, any such part, and such duty shall, for all the purposes of the said Act, be deemed to have been imposed by rule made under that section.

3. *Inland postage rates.*—For the year beginning on the 1st day of April, 1943, the Schedule contained in Schedule I to this Act shall be inserted in the Indian Post Office Act, 1898 (VI of 1898), as the First Schedule to that Act.

4. *Continuation of additional duties of customs imposed by section 6. Act XII of* 1942.—The additional duties of customs on certain goods chargeable with a duty of customs under the First Schedule to the Indian Tariff Act, 1934 (XXXII of 1934), or under the said Schedule read with any notification of the Central Government for the time being in force, imposed up to the 31st day of March, 1943, by section 6 of the Indian Finance Act, 1942 (XII of 1942), shall be levied and collected as provided in that section up to the 31st day of March, 1944.

5. *Income-tax and super-tax.*—(1) Subject to the provisions of sub-sections (2) and (3),—

(*a*) income-tax for the year beginning on the 1st day of April, 1943, shall be charged at the rates specified in Part I of Schedule II increased in the cases to which sub-paragraph (*b*) of paragraph A and paragraph B of that Part apply by a surcharge for the purposes of the Central Government at the rate specified therein in respect of each such rate of income-tax, and

(*b*) rates of super-tax for the year beginning on the 1st day of April, 1943, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922 (XI of 1922), be those specified in Part II of Schedule II increased in the cases to which paragraphs A, B and C of that Part apply by a surcharge for the purposes of the Central Government at the rate specified therein in respect of each such rate of super-tax.

(2) In making any assessment for the year ending on the 31st day of March, 1944,—

(*a*) where the total income of an assessee, not being a company, includes any income chargeable under the head " Salaries " or under the head " Interest on Securities " or any income from dividends in respect of which he is deemed under section 49B of the Indian Income-tax Act, 1922 (XI of 1922), to have paid income-tax imposed in British India, the income-tax payable by the assessee on that part of his total income which consists of such inclusions shall be an amount bearing to the total amount of income-tax payable according to the rates applicable under the operation of the Indian Finance Act, 1942 (XII of 1942), on his total income the same proportion as the amount of such inclusions bears to his total income ;

(*b*) where the total income of an asseessee, not being a company, includes any income chargeable under the head " Salaries " on which super-tax has been or might have been deducted under the provisions of sub-section (2) of section 18 of the Indian Income-tax Act, 1922 (XI of 1922), the super-tax payable by the assessee

on that portion of his total income which consists of such inclusions shall be an amount bearing to the total amount of super-tax payable according to the rates applicable under the operation of the Indian Finance Act, 1942 (XII of 1942), on his total income the same proportion as the amount of such inclusions bears to his total income.

(3) In cases to which section 17 of the Indian Income-tax Act, 1922 (XI of 1922), applies, the tax chargeable shall be determined as provided in that section but with reference to the rates imposed by sub-section (*1*) of this section, and in accordance with the provisions of sub-section (2) of this section where applicable.

(4) For the purposes of this section and of the rates of tax imposed thereby, the expression " total income " means total income as determined for the purposes of income-tax or super-tax, as the case may be in accordance with the provisions of the Indian Income-tax Act, 1922 (XI of 1922).

(5) Notwithstanding anything contained in sub-section (1) or sub-section (2) no tax shall be payable in cases to which sub-paragraph, (*a*) of paragraph A of Part I of Schedule II applies where the assessee deposits with the Central Government in such manner and in accordance with such conditions as the Central Government may by rule prescribe for the purposes of this sub-section an amount representing not less than one rupee for every complete unit of twenty-five rupees by which his total income exceeds seven hundred and fifty rupees.

(6) A deposit made in accordance with the provisions of sub-section (5) shall not in any way be capable of being charged and shall not be liable to attachment under any decree or order of any Civil, Revenue or Criminal Court in respect of any debt or liability incurred by the depositor and neither the Official Assignee nor any receiver appointed under the Provincial Insolvency Act, 1920 (V of 1920), shall be entitled to or have any claim on any such deposit.

(7) Where the total income of an assessee referred to in sub-paragraph (*b*) of paragraph A of Part I of Schedule II does not exceed six thousand rupees, an amount representing one rupee for every complete unit of two hundred rupees of his total income as reduced by the income, if any, exempt from tax under any provision of the Indian Income-tax Act, 1922 (XI of 1922), or any notification issued thereunder shall be funded for the assessee's benefit and shall be paid to him on such date, not more than twelve months after the termination of the present hostilities, as the Central Government may fix :

Explanation.—In computing the amount to be funded under this sub-section if there is an incomplete unit amounting to one

hundred rupees or more it shall be reckoned as a complete unit of two hundred rupees.

(8) Notwithstanding anything contained in sub-section (7) of section 8 of the Indian Finance Act, 1942 (XII of 1942), the amount to be funded under that sub-section for the assessee's benefit in respect of any assessment for the year ending on the 31st day of March, 1943, shall be calculated on his total income as reduced by the income, if any, exempt from tax under any provision of the Indian Income-tax Act, 1922 (XI of 1922), or any notification issued thereunder.

(9) The Central Government may, by notification in the official Gazette, make rules prescribing the manner and conditions referred to in sub-section (5).

6. *Continuance of and rate of excess profits tax.*—(1) In sub-clause (*a*) of clause (6) of section 2 of the Excess Profits Tax Act, 1940 (XV of 1940), for the words and figures " 31st day of March, 1943 " the words and figures " 31st day of March, 1944 " shall be substituted.

(2) The excess profits tax imposed by section 4 of the Excess Profits Tax Act, 1940 (XV of 1940), shall, in respect of any chargeable accounting period beginning after the 31st day of March, 1943, be an amount equal to sixty-six and two-thirds per cent. of the amount by which the profits of the business during that chargeable accounting period exceed the standard profits.

7. *Amendment of section 5, Indian Finance (Supplementary and Extending) Act, 1931.*—In section 5 of the Indian Finance (Supplementary and Extending) Act, 1931, the words " motor spirit or kerosene " and the words and figures " or under the Motor Spirit (Duties) Act, 1917, or under the Indian Finance Act, 1922 " shall be omitted, and for the words " or under any of the said Acts " the words " or under the said Act " shall be substituted.

SCHEDULE I.

Schedule to be inserted in the Indian Post Office Act, 1898.

(*See* section 3.)

" THE FIRST SCHEDULE.

INLAND POSTAGE RATES.

(*See* section 7.)

Letters.

For a weight not exceeding one tola	One and a half annas.
For every tola, or fraction thereof, exceeding one tola	One anna.

Postcards.

Single	Nine pies.
Reply	One and a half annas.

Book, Pattern and Sample Packets.

For the first five tolas or fraction thereof	Nine pies.
For every additional two and a half tolas, or fraction thereof, in excess of five tolas	Three pies.

Registered Newspapers.

For a weight not exceeding ten tolas	Quarter of an anna.
For a weight exceeding ten tolas and not exceeding twenty tolas	Half an anna.
For every twenty tolas, or fraction thereof, exceeding, twenty tolas	Half an anna.
In the case of more than one copy of the same issue of a registered newspaper being carried in the same packet—	
For a weight not exceeding ten tolas	Half an anna.
For every additional five tolas, or fraction thereof, in excess of ten tolas	Quarter of an anna.
Provided that such packet shall not be delivered at any addressee's residence but shall be given to a recognised agent at the post office.	

Parcels.

For a weight not exceeding forty tolas	Six annas.
For every forty tolas, or fraction thereof, exceeding forty tolas	Four annas."

SCHEDULE II.

(*See* section 5.)

PART I.

Rates of Income-tax.

A.—In the case of every individual, Hindu undivided family, unregistered firm and other association of persons not being a case to which paragraph B of this Part applies :—

(*a*) Where the total income does not exceed Rs. 2,000—

		Rate.
1.	On the first Rs. 750 of total income	*Nil.*
2.	On the next Rs. 1,250 of total income .. .. Provided that no tax shall be payable on a total income which does not exceed Rs. 1,500.	Six pies in the rupee.

(*b*) Where the total income exceeds Rs. 2,000—

		Rate.	*Surcharge.*
1.	On the first Rs. 1,500 of total income	*Nil*	*Nil.*
2.	On the next Rs. 3,500 of total income.	Nine pies in the rupee	Six pies in the rupee.
3.	On the next Rs. 5,000 of total income.	One anna and three pies in the rupee.	Ten pies in the rupee.
4.	On the next Rs. 5,000 of total income.	Two annas in the rupee.	One anna and four pies in the rupee.
5.	On the balance of total income.	Two annas and six pies in the rupee.	One anna and eight pies in the rupee.

B.—In the case of every company and local authority, and in every case in which under the provisions of the Indian Income-tax Act, 1922, income-tax is to be charged at the maximum rate—

	Rate.	*Surcharge.*
On the whole of total income .	Two annas and six pies in the rupee.	One anna and eight pies in the rupee.

PART II.

Rates of Super-tax.

A.—In the case of every individual, Hindu undivided family, unregistered firm and other association of persons, not being a case to which paragraphs B and C of this Part apply—

		Rate.	*Surcharge.*
1.	On the first Rs. 25,000 of total income.	*Nil* ..	*Nil.*
2.	On the next Rs. 10,000 of total income .	One anna in the rupee.	One anna . in the rupee.
3.	On the next Rs. 20,000 of total income.	Two annas in the rupee.	One anna and six pies in the rupee.
4.	On the next Rs. 70,000 of total income.	Three annas in the rupee.	Two annas in the rupee.
5.	On the next Rs. 75,000 of total income.	Four annas in the rupee.	Two annas and six pies in the rupee.
6.	On the next Rs. 1,50,000 of total income.	Five annas in the rupee.	Three annas in the rupee.
7.	On the next Rs. 1,50,000 of total income.	Six annas in the rupee.	Three annas in the rupee.
8.	On the balance of total income.	Seven annas in the rupee.	Three annas and six pies in the rupee.

B.—In the case of every local authority—

	Rate.	*Surcharge.*
On the whole of total income ..	One anna in the rupee.	One anna in the rupee.

C.—In the case of an association of persons being a co-operative society, other than the Sanikatta Saltowners' Society in the Bombay Presidency, for the time being registered under the Co-operative Societies Act, 1912, or under an Act of the Provincial Legislature governing the registration of Co-operative Societies—

		Rate.	*Surcharge*
1.	On the first Rs. 25,000 of total income.	*Nil* ..	*Nil.*
2.	On the balance of total income.	One anna in the rupee.	One anna in the rupee.

D.—In the case of every company—

	Rate.
On the whole of total income ..	Two annas in the rupee.

THE BUDGET, 1944-45.

Extract from the proceedings of a meeting of the Legislative Assembly, held at New Delhi on Tuesday 29th February 1944..

Finance Member's Speech.

This is the fifth war budget which it is my duty to present to the House and I do so at a time when the growing ascendancy of the United Nations over their enemies has created in us all the fullest confidence in a victorious outcome, though the precise time and manner of that victory are still hidden from us. We can now look back and survey the grim vicissitudes through which we have passed. In India the last eighteen months have been a period of economic storm. The rapid advance which brought the Japanese to the eastern threshold of India had produced a widespread feeling of uncertainty, at the same time as it called for the most active measures to meet the threat. The execution of those measures necessitated very heavy expenditure and a vast and rapid diversion of resources from civilian to war consumption. At that critical moment there was an outburst of internal disturbance which aggravated the loss of confidence and the economic instability. Natural calamities—cyclone, flood and pest—also played their part in destruction and dislocation. Soon hoarding, speculation and profiteering manifested themselves in every form and on a scale to cope with which the administrative machine was but poorly equipped. There was a time when it seemed that there could be no check to the ravages of these pernicious forces and that salutary measures of control could never overtake them. At that moment the economic perils which beset the country were as grave as the military threat, and if they have now receded somewhat, the aftermath has been a measure of human suffering which will stand out even in the record of this devastating war.

2. Many of the problems with which we have had to grapple are still with us, if not in so acute and intractable a form. There is still cause for anxiety and need for constant vigilance. But he would be a pessimist indeed who denied that in many respects the economic situation has greatly improved, and that a gratifying degree of stability has been achieved and maintained in recent months. The resolute measures of a two-fold character launched by the Government, in the monetary field and in the sphere of control of commodities, have had a distinctly salutary effect on price tendencies. There has also been a marked psychological reaction, a growth of confidence in the determination and the ability of the Government to enforce its policy of control and to overcome the resistance of sectional interests which, in this country as elsewhere, place their own advantage above the common good. In spite of the limitations of our administrative

machinery, the vast territories and multitudes with which we have to deal, and the constant opposition of those who hoped that we would fail, we have made definite and welcome progress towards our broad economic objectives. At times, when solemn warnings had failed to check unhealthy practices and tendencies, we have taken very drastic action and have been encouraged to find it endorsed by the mass of public opinion. We cannot, of course, emulate the results achieved in much more highly organised and closely integrated countries who can employ large qualified staffs to operate their controls and can count on the intelligent co-operation of a highly educated public. We can only claim that our efforts should be judged in the light of the experience of other countries similarly situated and at a comparable stage of development, who have, like us, been exposed to the turbulent forces released by the alternating and unpredictable fortunes of war.

3. I have one more general observation to make before I embark on the presentation of the budget figures. In a country which is so prone to rumour and panic, the operation of psychological factors is often more damaging than the objective forces at work. It is inevitable that the Government should bear this in mind when making any pronouncement. The outside critic fastens on particular aspects of the economic position and in his zeal to establish the validity of his own analysis may have scant regard to the practical effects, in a delicate and dangerous situation, of the vehement expression of his own views. The Government on the other hand cannot adopt this freedom and detachment in dealing with conditions which may be the cause of acute anxiety. At the risk of being charged with complacency it must strive to restore a sense of balance and to counteract the panic which may itself be the most dangerous element in the situation, and which, if unchecked, will frustrate all remedial action. This may seem obvious, but in the light of the events of the past year I make no apology for repeating it.

FINANCIAL YEAR 1942-43.

4. I will now give briefly the results of the last financial year. In our Revised Estimates for 1942-43 we expected to end the year with a deficit of Rs. 94.66 crores. The actual deficit turned out to be Rs. 112.17 crores. Defence expenditure exceeded our estimates by about Rs. 25 crores, but on the civil side there was a saving of about Rs. 9 crores. Revenue was also Rs. 2 crores below expectations. Although income-tax collections improved by Rs. 8 crores, there was a reduction of Rs. 3 crores in receipts from war insurance and of Rs. 6 crores under Customs. Following on the decision of His Majesty's Government to bear the cost of the petrol and aviation spirit required for the expansion of India's air and land forces, there was a refund to the Defence

Services of the duty initially collected under the ordinary customs procedure. This accounts for the decrease under customs revenue.

Financial Year 1943-44

5. Turning to the current year, I shall first deal with the revenue position. Total revenue is expected to reach Rs. 254.50 crores which is Rs. 35.50 crores more than our budget anticipations.

The general trend of customs has not been materially different from our budget anticipations, but here again a large amount of duty on imported petrol has to be deducted from the gross figure. We now estimate the net revenue under this head for the whole of the current year at Rs. 25.94 crores.

Under Central Excise our present calculations suggest an improvement of Rs. 63 lakhs over the Rs. 25.02 crores provided in the Budget Estimates, We expect a short-fall of Rs. 1½ crores under 'tobacco,' which will, however, be counterbalanced by the increased collections anticipated under 'motor spirit' and 'matches.' Our Revised Estimates under 'sugar' provide for a revenue of Rs. 6.40 crores which includes Rs. 40 lakhs collected under the Sugar (Temporary Excise) Ordinance 1943. The disposal of this special revenue is under consideration.

6. Under Taxes on Income the budget allowed for a collection of Rs. 102 crores but with the speeding up of assessments we now expect the total revenue for the year to reach Rs. 138 crores. Excess Profits Tax will, according to our expectations, now yield Rs. 62.25 crores against Rs. 40 crores forecast in the budget. This, of course, excludes some of the collections under the Ordinance issued last summer which, for accounting purposes, are treated as deposits pending regular assessments. The divisible pool of income-tax has been taken at Rs. 44.04 crores and the share of the Provinces at Rs. 19.50 crores (including Rs. 1.98 crores on account of the previous year's arrears). The provincial share will thus be Rs. 7.40 crores more than the budget figure.

7. In salt revenue we expect a short-fall of Rs. 50 lakhs; there is an improvement of Rs. 4.94 crores under 'Currency and Mint' of which Rs. 4.26 crores is the increase in Government's share of the surplus profits of the Reserve Bank.

The revenue of the Posts and Telegraphs Department is expected to reach Rs. 25.32 crores, an improvement of Rs. 3.38 crores over the Budget Estimate. Traffic earnings have again exceeded expectations and we took over the telephone system at Calcutta with effect from the 1st April instead of from the 1st September 1943 as anticipated in the budget. There is an increase of Rs. 2.36 crores in the expenditure which is estimated

at Rs. 15.94 crores. The anticipated surplus of Rs. 9.38 crores will accrue to general revenues.

As the House has already heard, we are adopting for our Revised Estimates a contribution of Rs. 32.27 crores from Railways against Rs. 27.10 crores taken in the Budget.

Expenditure

8. *Defence Services.*—On the expenditure side I shall deal first with the defence services. The striking reverses inflicted on the Axis forces during the closing months of 1942 marked the turning of the tide of fortune in favour of the United Nations and the year 1943 witnessed an almost unbroken series of victories over all three Axis partners by land, sea and air. The invasion of Italy followed shortly by the unconditional surrender of her Government, the devastating blows dealt by the British and American air forces on Germany's production centres, the striking successes against the Japanese achieved by American and Australian forces of all arms in the South West Pacific, and above all the crushing defeats inflicted by our great Russian ally on the German invader whose armies are rapidly being flung out of Russia, these are all significant portents of the end that awaits our enemies.

This House is already aware and justifiably proud of the part played by India in the campaigns in North Africa and Italy and I need not dwell upon them here. It will be sufficient to say that the trained soldiers and the stream of munitions and war stores poured out by India have been a most potent factor in the victories achieved in these theatres.

9. In India itself the year 1943 has been to a large extent one of patient preparation and gathering of strength for the large scale offensive which we all hope and believe will finally dispose of Japan's pretentions to domination in Asia.

The major event of the year has been the setting up of the South East Asia Command under Admiral Lord Louis Mountbatten as Supreme Allied Commander, assisted by naval, army and air commanders and staff officers drawn from both the British and American forces. The responsibilities of this new command are mainly the direction and co-ordination of the offensive based on India against Japan but they also include the security and local defence of India within a relatively small area on India's North Eastern Frontier. While, however, all responsibility for actual operations against Japan has thus passed out of India's direct control she has been entrusted with weighty responsibilities in respect of the training and maintenance of the sea, land and air forces required for the grand offensive of which she will be the main base.

10. As I shall explain later, the setting up of this new command does not of itself either add to or diminish India's liability for defence expenditure. It is clear, however, that a substantial increase in the demands on India's resources of skilled man-power and materials, even though the cost were not borne by Indian revenues, would impose a severe additional burden on her economy which has already shown distinct signs of overstrain, and might even lead to a serious breakdown. This danger has been foreseen and a number of safeguards have been introduced to ensure that India's economic stability, on which depends not only the well-being of her people but her utility as a base for the operations in question, is not imperilled.

This does not mean that any slackening of India's war effort or any repudiation of commitments entered into by her towards the other Allied Nations is contemplated. The Government of India have, however, made it clear that no further substantial increase in the overall quantum of war demands on India's resources can be met without grave risk of economic collapse and that an early lightening of her present burden by the release for vital civil needs, of certain types of supplies and productive capacity at present appropriated for war purposes, is essential in order to counteract the unhealthy tendencies now manifesting themselves. As regards the extra demands for supplies and services only obtainable in India, which must inevitably arise out of her utilisation as an operational base, these can only be met provided equivalent relief is afforded by the diversion of war demands previously placed on her to other sources of supply, or by other means.

11. The land forces in India continued to grow throughout the year partly as a result of the bringing of additional forces into the country and partly by further raisings in India in accordance with the expansion plans, though owing to the increasing insistence on the maintenance of quality the rate of recruitment was lower than in the previous year.

During the course of the year, as foreshadowed in my last budget speech, these forces reached approximately the strength held to be necessary and sufficient for local defence purposes. How the strength in India will be modified in the near future by the combined effect of further increases in recruitment and movements of troops into and out of India, depends of course on operational developments. In any case, should the strength of troops in India at any time exceed the limit to which I have just referred, the cost of such excess would, as I shall explain shortly, not fall on India.

12. Further improvements in the conditions of service of officers and other ranks of the Indian Army have been introduced

or are in contemplation. Rates of corps pay admissible to I.C.O.'s employed in technical branches have been levelled up to those admissible to K.C.O.'s, while the rules governing the grant of disability and casualty pensions have been liberalised on the lines recently adopted by His Majesty's Government in regard to British service personnel.

In the case of other ranks an important development has been the improvement of the scales of rations allowed for Indian troops. Reports from the medical authorities indicated that the previous scales were deficient in certain nutritive properties and that in the interests of the health of the troops some changes were desirable. More liberal and varied scales approximating to those allowed on field service were accordingly introduced with effect from the 1st July 1943 at an estimated annual cost of about Rs. 6 crores.

In addition, military pensioners are sharing in the general increases recently sanctioned in the amounts of small Government pensions up to Rs. 40 a month.

13. The year under review has seen a further large increase in the volume of military stores handled in India, mainly due to steadily increasing arrivals of guns, ammunition, tanks, lorries, equipment of all sorts, raw materials and foodstuffs, from the U.K., the U.S.A., Canada, Australia, etc.

The administrative problem of providing storage accommodation for these large accretions and the staff and establishments required for their custody, distribution and maintenance is one of the most difficult with which the defence authorities in India have been faced, involving as it does extensive and costly building projects and the recruitment and training of technicians capable of handling and repairing the complicated machines required for modern warfare. Great progress has been made during the year towards meeting these requirements but much still remains to be done.

In particular schemes for increasing the capacity of India's railways system and for providing the additional port facilities so essential to her as a base for operations overseas are rapidly going ahead.

14. The Royal Indian Navy continued to grow and in order to deal with the increased intake of personnel new training establishments were sanctioned and existing establishments expanded. The programme of new construction of ships in India is now well advanced and a considerable fleet of war vessels is now in commission.

The value of the new fleet as an ancillary to the older navies of the Allied Nations is being more and more recognised. During 1943, in addition to carrying out its primary role of local naval defence of India, the R. I. N. has been engaged in escort work and has also been employed in support of the army on the eastern front. Units of the R. I. N. have, moreover, operated in British waters and participated in various operations in the Mediterranean including the invasion of Sicily.

15. The rapid expansion of the air forces in India continued throughout the year, which saw the arrival of many additional squadrons, some of types entirely new to India, together with ancillary and maintenance units of all kinds. The forces now in India are not only capable of dealing adequately with any attack by air that might conceivably be launched against her by the enemy, but they have for some time past been much in excess of the strength held by the Indian defence authorities to be necessary and sufficient for this purpose.

India's liability for these squadrons, ancillary units and maintenance facilities arises, of course, only in respect of those held to be needed for purposes of her local defence.

16. Turning now to the Indian Air Force it is gratifying to note that the supply of modern aircraft is no longer a limiting factor in its expansion and satisfactory progress has been recorded in implementing the main Ten-Squadron Plan. Indeed, the chief limiting factor is now a lack of officer pilots. For both the Ten-Squadron Plan and for India's participation in the Empire Air Training Scheme 70 pilots a month are needed and unless the best of India's manpower comes forward to meet this requirement we shall not be able to build up the strong Indian Air Force which this country should possess.

In addition to the expansion envisaged in the Ten-Squadron Plan and participation in the Empire Air Training Scheme, the Indian Air Force has undertaken four further important expansion measures. The first of these is the development in India of the complicated and extensive training and maintenance organisation necessary to back up her Ten-Squadron Air Force.

The second measure is the introduction of a scheme for the appointment of a number of I. A. F. personnel to R. A. F. staffs and units in India to gain experience in established units working under war conditions. This scheme is wide in its scope and will eventually not only add thousands to the wartime strength of the I. A. F. but also provide the basic material from which to build up a permanent training and maintenance organisation behind India's Air Forces.

The third measure is the Indianisation of the Balloon Squadrons of the Air Forces in India.

The fourth measure is the inauguration of the Indian Air Training Corps to give pre-entry training to prospective pilots at Universities. Eight Universities have started Indian Air Training Corps units under this scheme.

17. The well-being and welfare of the Services has been assigned a higher place both in administration and in the apportionment of financial resources than in any previous period. Physical fitness and thorough training must be allied with mental fitness, which can only be achieved if the fightingman knows what he is fighting for and also is assured of a reasonable standard of comfort and recreation when he is not actually training or fighting.

The provision of amenities and arrangements for the soldier's welfare generally are secured by means of Government grants for expenditure on the purchase of literature, games requisites, radio sets, gramophones and so forth, as well as on the construction of recreational institutions, their furnishing and equipment. Concert parties for both British and Indian troops have been arranged, and recently there has been a very large expansion in this class of amenities. Grants are also made for the promotion of more serious mental and physical recreation, which are intended to be spent on Unit libraries, hobbies and handicraft equipment, the provision of external lectures and visits to places of interest.

A good deal of attention is now being paid to the protection of the interests and promotion of the well-being of the men's families, as on this depends to a great extent the morale of the fighting soldier. So far as British troops are concerned this is done mainly through the agency of the Soldiers, Sailors and Airmen's Families Association. The welfare of the Indian Services' families and ex-servicemen is safeguarded by the Soldiers Board organisation which has recently been greatly strengthened and extended with the help of grants from defence funds, and now covers all areas which have furnished considerable numbers of men to the Services. The Soldiers Boards are aided by the Civil Liaison Officers organisation which is staffed by military officers, and which is a link between the District Soldiers Boards and the Headquarters of the Services. These organisations investigate all complaints from absent soldiers, sailors and airmen and their families, look after their interests in law suits, ensure that they get their fair share of rations and necessities when there are shortages, and generally see to the well-being not only of the families but also of discharged or disabled service men.

18. The effect on India's finances of the developments in the defence field that have just been described have now to be considered. The allocation of defence expenditure between India and the U. K. continues to be governed by the terms and principles of the Financial Settlement, and developments in the war situation and the establishment of the S. E. A. Command have not rendered it necessary to depart from those principles. In accordance with those principles India's liability for the cost of forces serving within her geographical frontiers is subject to the condition that such forces are both necessary and available for local defence purposes. It has been recognised that the strengths of forces needed for such purposes at any time are subject to maximum limits and limits of this natue have already been laid down by H. E. the Commander-in-Chief for both the land and air forces.

These limits (or ceilings as I shall term them) are of course related to the actual or probable threats to India's security at a specified time and are therefore subject to revision in the light of developments in the war situation as a whole.

The estimates and accounts of India's defence expenditure have therefore to be prepared with due regard to those ceilings, as certified from time to time by the Indian defence authorities, which set bounds to her liability for the cost of the additional forces brought into or raised in the country. During the year 1942-43, neither of the ceilings came into effective operation but in framing the estimates for subsequent years they constitute an important factor, particularly on the air force side.

As already indicated, so far as land forces are concerned, the present ceiling has not yet been exceeded and the revised estimates have therefore been based on the actual strengths likely to be available in India for local defence purposes. In the case of the air forces, however, the ceiling was reached during the current year and for some time past the strength of air forces in India has exceeded the ceiling strength by a considerable and steadily growing margin.

19. It will be recalled that in my last budget speech I explained that pending arrival at an understanding regarding the air force ceiling, provision had been made in the 1943-44 budget estimates for only half the extra expenditure arising out of the expansion of the air forces in India, the balance of the expenditure being included provisionally under suspense. The air force ceiling eventually prescribed turned out to be less than the estimated strength of air forces for 1943-44 and as a result the half share (amounting to Rs. 10.82 crores) of the estimated recurring cost provisionally taken under suspense became distributable between India and H. M. G., in the proportion of Rs. 8.98 crores in Rs. 1.84 crores.

So far as capital outlay on the provision of airfields and other operational facilities is concerned it was found that all the airfields, etc., included in the 1943-44 programme were necessary to enable the air forces included within the ceiling to perform their function of defending India. Accordingly provision has been made in the revised estimates for the whole of such capital outlay, whereas in the budget estimate for 1943-44 a sum of Rs. 9.32 crores, representing one-half the estimated capital outlay on the expanded air forces had, pending investigation of this point, been provisionally taken to suspense.

While the Defence estimates exclude the cost of forces serving in India in excess of ceiling strengths, India also bears no financial liability for other units or formations employed in India on duties unconnected with her local defence or for measures such as those relating to the expansion of administrative and maintenance organisations, the acquisition and holding of additional stocks and the improvement of internal transportation and port facilities, which are incidental to the setting up of the S. E. A. C. or to the utilisation of India as a base for large scale offensive operations against Japan.

20. The revised estimates of defence expenditure for the year 1943-44 amount to Rs. 262.64 crores and Rs. 38.30 crores under the Revenue and Caiptal heads respectively. The details are as follows :—

Revenue portion

	In lakhs of rupees.
(1) Basic Normal Budget	36,77
(2) Effect of rise in prices	13,01
(3) India's War Measures	204,53
(4) Non-effective charges	8,33
Total ..	262,64

Capital portion

(1) Air Force—Airfields	14,67
(2) Capital outlay on industrial expansion	6,00
(3) Reciprocal Aid—Airfields	10,85
(4) New Construction for the R. I. N.	2,58
(5) Capital outlay on Tele-communications scheme ..	4,20
Total ..	38,30

21. In the Revenue portiod, the increase of Rs. 2.39 crores in item (2) over the corresponding budget figure is due to the increase in the price-levels of stores and to the grant of improved scales of rations to Indian troops from 1st July 1943. The increase of Rs. 77.52 crores in item (3) is due mainly to the two causes just mentioned, as well as to the inclusion of a portion of the

recurring expenditure on the air forces provisionally placed under suspense last year, to increases in the strengths of forces in India and to increased supplies and services rendered by India to the U. S. A. on Reciprocal Aid terms. A reduction in the estimated total of receipts on account of lend-lease stores supplied to Provincial Governments, Railways, the Posts and Telegraphs Department and other paying indentors from Rs. 15 crores to Rs. 12 crores has also contributed to the excess.

The estimate of non-effective charges shows a slight reduction due to the restrictions on retirements and the re-employment of pensioners. The reduction is less than it would otherwise have been owing to the inclusion in the revised estimate of provision for the general increase in small pensions with effect from the 1st November 1943.

22. As regards the capital portion, the amount included in the Budget against item (1) was Rs. 2.52 crores, Rs. 9.32 crores being held under suspense. The revised estimate therefore represents an increase of Rs. 2.83 crores over budgetary anticipations, due mainly to heavy liabilities carried forward from 1942-43.

The increase of Rs. 2 crores in item (2) arises out of unforeseen expansions of ordnance factories and dairy farms during the year.

Item (3) shows an increase of Rs. 8 crores due partly to a heavier carry-over of liabilities from 1942-43 and partly to additional demands for airfields and connected works required by the U. S. A. forces in India. The decrease of Rs. 70 lakhs under item (4) is due mainly to a carry forward of liabilities to 1944-45.

Civil Estimates.

23. Civil Expenditure in the current year has increased from Rs. 76.78 crores provided for in the Budget Estimates to Rs. 84.29 crores. Of this increase about Rs. 1 crore represents self-balancing items such as War Risks Insurance premia, Cotton Fund and the collections under the Sugar (Temporary Excise) Ordinance, 1943. The problem of evacuees from Burma, Malaya and other enemy-occupied territories continues to engage the attention of the Government. The scheme of financial assistance to evacuees and the families in India of British subjects detained in enemy-occupied territories has been continued during the year. The organisations set up in the Provinces have been further strengthened and efforts have been particularly directed to the finding of employment for the large number of refugees still enable to support themselves. These measures are estimated to cost Rs. 2.92 crores in the current year, an increase of about Rs. 2 crores over the budget provision.

24. In my last Budget speech I mentioned that a review of Civil Defence policy was being undertaken. The savings in the current year's budget did not, however, materialise and we had to incur certain unforeseen expenditure in the North-East. The revised figures for 1943-44 are consequently Rs. 49 lakhs in excess of the budget. In the light of the improved war situation a further review was made in November last. A. R. P. activities have now been closed down in about two-thirds of the 346 towns in which precautions of varying degree had been in force and the estimated expenditure for 1944-45 is nearly Rs. 1½ crores less than the revised figures for the current year.

25. In co-operation with the provinces and States, the Government of India have intensified their efforts in the prosecution of the 'Grow More Food' campaign, and have assisted schemes either by loan or grant to an extent of well over Rs. 2 crores. Such schemes include the distribution at concessional rates of improved seed and manures, irrigation projects promising quick returns and the provision of additional agricultural staff.

26. The Revised Estimates include provision for a grant up to Rs. 3 crores by way of Central assistance to Bengal in meeting the heavy expenditure the Province has been called upon to bear on famine relief. Without attempting to assign causes or to impinge on the strict constitutional allocation of financial responsibilities, we feel that the calamity which has overtaken large areas of the Presidency is so unique and of such magnitude as to justify a substantial contribution from Central resources both this year and next. The actual amount of the grant in each year will be a proportion of the booked expenditure under certain famine heads.

27. I would mention here that the Government have recently carefully considered whether the somewhat uneven effects of the impact of war on provincial finances called for temporary modification of the manner in which the provincial share of the divisible income-tax pool is allocated between the provinces as prescribed in paragraph 5 of the Government of India (Distribution of Revenues) Order, 1936. A full examination of recent developments in the finances of all provinces led to the conclusion that, although some provinces are clearly in a more prosperous condition than others, the situation is not such as to call for modification at present, and that such action would have an unsettling effect. This view is shared by the Secretary of State.

There is one other matter in the field of provincial finance calling for comment. Some time ago the Sind Government advanced a proposal for setting-off the capitalised value of the subvention prescribed for them in the Schedule to the Distribution

of Revenues Order in Council against the outstanding balance of the Lloyd Barrage debt, the remainder of the debt to be defrayed from Sind's free balances. Owing to the high level of agricultural prices, land values have risen very considerably and sales of land in the Barrage area have accelerated to a pitch which the original estimates could not possibly have foreseen. Further, it has been found possible to fix larger initial purchase instalments and to reduce the number and amount of subsequent instalments. This excess of present receipts over estimates will be reflected in a fall in receipts in the later years of the repayment scheme. It therefore seems desirable to recognise the change in conditions which has occurred since the original repayment scheme was devised, and the Government of India have supported the proposal to the Secretary of State, who is now taking the steps necessary to secure an amendment to the Schedule to the Distribution of Revenues Order in Council. Under the arrangement proposed the subvention will be capitalised at 4½ per cent. per annum, the rate of interest borne by the Barrage debt. It is a remarkable index of the financial prosperity of Sind that she is now in a position to repay the balance of some Rs. 5⅔ crores required to complete the transaction. The extinction of this large provincial liability, with all that it means for the people of Sind, will be a major example of the salutary process of debt repayment which is now going on, and which is a welcome compensation for some of our other economic ills.

28. I referred last year to the problems of the increased cost of living and its bearing on Government servants. With the approval of the Standing Finance Committee we last revised our scheme of dearness allowance in June 1943 when we further increased the rates and raised the limits of pay up to which the allowance is admissible. We are now considering a measure of further liberalisation. Under the existing scheme we expect to spend this year on this object, in respect of Central Government servants other than those paid for from Railway and Defence Estimates, almost Rs. 2¼ crores. In accordance with our general anti-inflationary policy, which favours the provision of cheap supplies wherever practicable, we have readily extended to Central Government servants the benefits of schemes adopted, to secure this object, by the Governments of Assam, Bengal, Bihar and the U. P., and have made similar arrangements involving concessional prices for certain foodgrains to our employees in Delhi and Simla on pay not exceeding Rs. 300. These measures are likely to cost, this year, about Rs. 41 lakhs. We prefer, however, to tackle these problems by measures of wider applicability, which affect living conditions throughout the country.

29. The House is already familiar with the various control measures, both in the financial and the commodity field, which have been brought into operation since my last Budget. I would

here refer to the activities of two Departments of Government which have been concerned mainly with the enforcement of commodity controls. It is clearly of no avail to attempt to stabilise the prices of the other elements which go to make up the essential minimum requirements of the people, if the most important element, namely food, is left free to exert an uncontrolled pressure on the general price structure. The acceptance of the principle of the statutory control of food prices as an integral part of the general policy designed to stabilise the economy of the country has, as Honourable Members are aware, been achieved only with the greatest difficulty. The experience of the past year has clearly shown that shortages of food, as of other commodities, are created as much by psychological as by physical factors and that the controlled distribution of food-grains at reasonable prices can only be secured by the planned movement of surpluses supported by urban rationing and price control. The Government of India have announced their intention of proceeding towards all-India statutory price control by way of provincial and regional controls as well as the extension of urban rationing all over India. Substantial progress has already been made towards both objects and we are determined that no local or sectional interests shall be allowed to obstruct the execution of a policy essential for the well-being of the country as a whole. To support this policy, further imports of food-grains from abroad have been arranged and these have been arriving regularly since the middle of October last.

Thus, as far as actual physical shortages of food are concerned, there has been much improvement, and this should help to restore confidence, strengthened in the cities by the knowledge that, through rationing, everyone will receive a fair share of available supplies. At the same time it is the intention that the primary producer shall obtain a fair price for his crop and, what is more, a fair return in terms of the things which he has to buy. We may therefore hope that the factors which a year ago led to speculation and shortage will cease to operate and that with the growing realisation of the Government's determination and ability to control the situation, confidence will be fully restored.

30. I turn now to civil supplies other than food. In this sphere the measures which have been taken by the Department of Industries and Civil Supplies have resulted in a very considerable easing of the situation. In regard to cloth, the most urgent requirement of the country after food, agreement was secured in June 1943 with the cotton textile industry to a scheme which brought the whole of the production of this country under control. This was combined with a large measure of rationalisation through the manufacture of Standard Cloth to the extent, if necessary, of 2,000 million yards, and with measures calculated to bring hoarded stocks back into the market. Ceiling prices were fixed for all cloth going into the civil market, and steps taken to prevent

its being hoarded. These measures were rendered effective by the co-operation of the industry, without which the task would have been immensely more difficult, and have not only secured a reduction in retail price of the order of 40 per cent. but have reassured the consumer that he will not again be exposed to the merciless exploitation of last year. This feeling has been confirmed by the recent further reduction in ceiling prices. Another vital need of the country is an adequate supply of drugs and medicines at reasonable prices. Here the problem was different because India's production is inadequate to her requirements and she must rely largely upon imports. Increased supplies have been arranged and are already beginning to come in. Their distribution and price are regulated under the Drug Control Order of November 1943. These measures have already yielded valuable results and there is every reason to expect that the situation will continue to improve. Apart from the equitable control of the price and distribution of existing stocks and an increase in imports, Government have also endeavoured to secure wherever practicable the release on a more generous scale of indigenous supplies hitherto mainly reserved for defence requirements. Twenty five per cent. of the Indian output of woollen clothing for defence requirements is now being released for the civilian consumer, and steps are also being taken to make similar releases of capacity for the manufacture of footwear.

The measures I have described were intended to relieve the situation in respect of specific vital commodities, but there remained a thousand and one other consumer goods which were placed out of the reach of the ordinary man by the anti-social practices of profiteering and hoarding. To combat these it was necessary to frame an all-embracing enactment, designed generally to lower prices and to ensure that such supplies as are in the country are made freely available to the consumer. The results hitherto of the Hoarding and Profiteering Ordinance cannot be regarded as unsatisfactory, but its complete success must ultimately depend on the full co-operation of the general public.

31. In the activities of the Supply Department since my last Budget Speech, two important changes have occurred, in the setting up of an organisation for Aircraft and one for Salvage and Disposals. The latter has been established to effect a more rapid and widespread civil utilisation of military salvage as well as of other classes of salvage and of surplus stores, and to be the foundation of a post-war Disposals Organisation. The importance of utilising salvage as a means of husbanding our resources during the war needs no emphasis, and already large quantities of scrap and unserviceable stores are being economically absorbed. It will be even more important to ensure that the disposal of the vast quantities of surplus military stores which will be released at the end of the war is effected in an orderly manner.

The value of the orders placed by the Supply Department rose from Rs. 184 crores in 1941-42 to Rs. 256 crores in 1942-43 and was Rs. 129 crores in the first nine months of 1943-44. The increase during the last two and a half years does not, unfortunately, reflect simply the rise in the volume of supplies secured. The Supply Department has not escaped the fate of other consumers and has had to pay steadily rising prices for its purchases over this period. There has been some falling off in demands in certain lines, as I foretold last year, and although we cannot hope that the burden over the whole field will be greatly lightened in 1944, the demands for certain types of supply will continue to decrease gradually. This will afford an opportunity of diverting orders to other uses, and, together with the measures which are being taken to control prices will lead, I hope, to a reduction in the cost of our supplies. It will at any rate make it easier to hold out for narrower margins of profit on war orders, which we have always wanted, but have not always been able to achieve.

32. This concludes my general review of the current year and it only remains for me to summarise the final position.

Our revised estimates for revenue show an improvement of Rs. 35.50 crores while there is a net increase of Rs. 87.34 crores under expenditure charged to reveue. We thus expect to close the current financial year with a revenue deficit of Rs. 92.43 crores.

Financial Year 1944-45

Revenue

33. I shall now deal with the financial year 1944-45. Our total revenue estimates amount to Rs. 284.97 crores as compared with Rs. 254.50 crores in the Revised Estimates for the current year. Anticipating that more shipping space for imports will be available next year we have placed the estimate under customs revenue at Rs. 27 crores against Rs. 25.94 crores in the current year. Under Central Excise Duties the estimates for next year allow for an improvement of Rs. 1.25 crores. Under 'tobacco,' where the experience gained has enabled us to improve the efficiency of the administrative machinery, we expect to collect Rs. 10½ crores as compared with Rs. 9 crores in the current year.

Taking into account the trend of recent collections, we are providing for a total of Rs. 174 crores under Corporation Tax and Income-Tax. This includes an expected yield of Rs. 78 crores from E. P. T. The divisible pool of income-tax has been taken at Rs. 56.38 crores and the share available to Provinces will reach the high figure of Rs. 23.69 crores. Currency and mint receipts are placed at about the same level as the current year's revised estimate, while the contribution from Railways to genera

revenues has been taken at Rs. 31.37 crores. The revenue of the Posts and Telegraphs Department is expected to be Rs. 27.92 crores and expenditure Rs. 16.61 crores. Our estimates of expenditure for next year make provision for the transfer of an extra Rs. 1 crore to the Renewals Reserve Fund in view of the large outlay on the Tele-communications scheme. Even after this transfer, the surplus is estimated at Rs. 11.31 crores, the whole of which will accrue to general revenues.

War Risks Insurance premia which, as the House is aware, are taken to Revenue in the first instance, and later transferred to the relevant Funds, are expected to decrease by about Rs. 4 crores in the coming year owing to the lowering of the rate of premium.

Expenditure

34. *Defence Services.*—The budget estimates of defence expenditure for 1944-45 amount to Rs. 276.61 crores and Rs. 24.60 crores under the Revenue and Capital heads respectively. The details are as follows :—

Revenue portion

	In lakhs of rupees.
(1) Basic Normal Budget	36,77
(2) Effect of rise in prices	15,05
(3) India's War Measures	215,58
(4) Non-effective charges	9,21
Total ..	276,61

Capital portion

(1) Air Force—Airfields	10,00
(2) Capital outlay on industrial expansion	2,00
(3) Reciprocal Aid—Airfields	5,20
(4) New Construction for the R. I. N.	1,60
(5) Capital outlay on Tele-communications scheme ..	5,80
Total ..	24,60

35. In the revenue portion the increase of Rs. 2.04 crores over the Revised Estimates in item (2) is due partly to the fuller operation of the enhanced price levels and partly to the fact that the improved scales of rations to Indian troops introduced in July 1943 will be effective throughout 1944-45. In regard to item (3) the increase of Rs. 11.05 crores as compared with the Revised Estimates is the net result of large increases and decreases. The increases are mainly due to the two causes just mentioned, to provision having been made throughout the year for the full air force ceiling strength, and to increased supplies and services expected to be rendered by India to the U.S.A. on Reciprocal

Aid terms. These increases are partly counterbalanced by reductions in expenditure as a result of anticipated despatches of troops overseas and a decrease in army works. The receipts to be realised during 1944-45 on account of lend-lease stores supplied to Provincial Governments, Railways, the Posts and Telegraphs Department and other paying indentors, have been roughly estimated at Rs. 10 crores.

The increase of Rs. 88 lakhs in non-effective charges reflects mainly the effect over a full year of the increases in small pensions sanctioned from November 1943.

36. The decrease of Rs. 13.70 crores under the Capital portion of the budget estimate as compared with the revised is due mainly to the completion in 1943-44 of the bulk of the airfields construction programme for the British and American Air Forces in India for the cost of which India is liable. A reduction during 1944-45 in the Capital expenditure on expansion of factories, dairy farms, etc., is also anticipated. The Tele-communications scheme is expected to be nearly completed during the coming year.

37. In my last budget speech I referred to the possibility of India's entering into a direct Mutual Aid Agreement with the U.S.A. After preliminary discussions it was agreed to suspend these negotiations in view of the difficulty of determining India's post-war policy in certain respects at this stage. The Government of India nevertheless have accepted the principles underlying Mutual Aid, and continued to receive lend-lease goods and services from the U. S. A., and to grant Reciprocal Aid in return. This Reciprocal Aid now takes three main forms :—

(*a*) Reciprocal Aid to the U. S. Forces in India in the shape of rations, clothing, ordnance and other stores, the construction of accommodation, airfields and connected works, and the provision of transportation, communication and maintenance facilities of various kinds.

(*b*) Reciprocal Aid to U. S. shipping using Indian ports, in the shape of port dues of all kinds, ship repairs, and so on.

(*c*) Available raw materials and available foodstuffs such as tea, required by the U. S. Government directly for war purposes.

The arrangements for granting Reciprocal Aid of the first two kinds are working smoothly, but the administrative arrangements governing Reciprocal Aid for raw materials are still being worked out.

38. The estimated cost of Reciprocal Aid to be afforded to the U.S.A. on present information during the years 1943-44 and 1944-45 is about Rs. 26 crores and Rs. 43 crores respectively and

provision has been tentatively included in the Revised and Budget Estimates of the years concerned for these sums. The total cost of such aid up to the end of 1942-43 was Rs. 12¼ crores so that the estimated progressive total amount to the end of 1944-45 is a little more than Rs. 81 crores.

It is not possible at present to say what the total financial benefit that India will receive as a result of lend-lease supplies from the U.S.A. during the same period will amount to, because the allocation of lend-lease goods and services received in India between the Government of India and H.M.G. has not yet been determined. Assuming that lend-lease goods and services continue to be received in India at approximately the same rate as is obtaining now, the total value thereof up to the end of 1944-45 may be estimated to be of the order of Rs. 350 crores. The allocation of these benefits between H.M.G. and the Government of India is a matter of great complexity since it can only be based on the actual use to which the goods and materials will have been put and the classification of that use in terms of measures for which H.M.G. and India are respectively liable. On such investigation as we have been able to make up to the present it seems reasonable to assume that India's share in these benefits will not be less than one-third. For the reasons explained last year, however, any estimates of Reciprocal Aid and still more those of lend-lease must be taken with very considerable reserve.

Civil Estimates

39. Civil expenditure shows an increase of about Rs. 2¼ crores as compared with the revised estimates of the current year. As, however, there will be a reduction of about Rs. 4 crores in the amounts transferred to War Risks Insurance Funds consequent on the reduction in the rate of premium, the real increase is about Rs. 6¼ crores. It accrues mainly under the head Interest, our liability for which increases with our increased borrowings and the success attending our savings campaigns. The full effect will begin to be felt next year and our interest payments are likely to increase by about Rs. 9 crores. Honourable Members will find full details of the variations under other items in the Explanatory Memorandum. I shall only mention here a few of the more important ones. We are including provision for a contribution up to Rs. 1½ crores towards Bengal's expenditure on famine relief. An extra sum of Rs. 50 lakhs is being provided for food production, and Rs. 68 lakhs for residential accommodation for ministerial staff in Delhi. There will be a reduction of about Rs. 1½ crores in Civil Defence.

40. In connection with industrial research we have made provision for a grant of Rs. 10 lakhs for the construction and equipment of glass and fuel research laboratories and for general

planning for other institutions. The Council of Scientific and Industrial Research has done valuable work within the limits of the funds allotted to it by Government, and the Government of India have now agreed to the Council drawing up plans for a co-ordinated scheme for the advancement of research on the assumption that Rs. 1 crore will be forthcoming towards capital expenditure on a chain of research institutions. The institutions in contemplation, in addition to the two I have mentioned, are a National Physical Laboratory, a National Chemical Laboratory and a National Metallurgical Laboratory. The balance of Rs. 1 crore will be spread over a period of three or four years after the cessation of hostilities. This step will, I am sure, be regarded as a practical expression of Government's resolve to foster the development of Indian industry and should at the same time serve as an incentive to private enterprise to come forward and support industrial research. A handsome beginning has already been made by the Tata Trust, whose enlightened liberality in matters of this kind I gladly take this opportunity to acknowledge; they have now increased their promised donation of Rs. 8.30 lakhs towards a National Chemical Laboratory by a further Rs. 11.70 lakhs towards the proposed National Metallurgical Laboratory, making Rs. 20 lakhs in all.

41. I can now summarise the position for the coming year. The expenditure detailed in the Civil Estimates comes to Rs. 86.57 crores and the provision for Defence Services has been placed at Rs. 276.61 crores. Our total expenditure estimates thus amount to Rs. 363.18 crores. The total revenue at the existing level of taxation is estimated at Rs. 284.97 crores. We are thus left with a prospective revenue deficit of Rs. 78.21 crores.

Ways and Means

42. I now come to what has always been called the ways and means position. That now imports a much larger and more complicated problem, nothing less than the release and absorption of general purchasing power throughout the country. Here as elsewhere great public attention has been focussed on it. We have all become conscious of the dangers of inflation, an awareness which has been heightened by the series of anti-inflationary measures which Government themselves have launched and which are in operation to-day, contributing in various ways and degrees to the desired result.

In every country at war the essential problem is the same. Goods and services are mobilised for the common end by a vast outpouring of Government money, and unless this is systematically reabsorbed on an adequate scale, it exercises an ever-increasing pressure on the reduced supplies available for civilian consumption. The effect on prices may be mitigated to some extent by

controls and by rationing, but these must be accompanied by measures to reduce the abundance of purchasing power. In India the problem takes a special form, because rather more than half of the war expenditure in the country is incurred by H.M.G. and other Allied Governments. It is true that the expenditure debitable to the Indian Budget has been fully met by taxation and borrowing throughout the period of the war. In that sense there have been no uncovered budgetary deficits, though there have, of course, been revenue deficits which have added to the permanent debt. But what matters from the point of view of preventing inflation is that the re-absorption of purchasing power should be adequate to the total Government outlay, and our troubles have arisen from the fact that we have not at all times been able to raise sufficient rupees from the market to finance the recoverable war expenditure. The rupees issued to fill the gap have, of course, been backed by sterling assets, but since these are, during the continuance of war conditions, largely incapable of being converted into goods, the increase of free purchasing power in the country has had inflationary effects. It was for this reason that I emphasised last year the supreme importance, for the maintenance of our own economic health, of more and more borrowing. It cannot be repeated too often or too widely that in their own interest the people of a country at war must " save and lend." I shall have more to say later on this topic, but meanwhile it is of interest to review the course and extent of Government borrowing during the last year.

43. Thanks to sustained propaganda and special efforts throughout the country, and helped undoubtedly by the favourable turn in the progress of the war, we have succeeded in attracting, by various forms of public borrowing, a sum nearly three times as large as the total of the previous year. The subscriptions to the Defence Loans during the period beginning with the 1st February 1943 and ending with the 31st January 1944 amounted to a record figure of Rs. 115 crores. The third Defence Loan, 3 per cent. 1951-54, which was closed on the 30th June 1943 amounted to Rs. 55 crores, the amount subscribed from the 1st February to the 30th June being Rs. 23 crores. The total subscriptions to the fourth Defence Loan, 3 per cent. 1953-55, within a period of about seven months have been Rs. 81 crores, i.e., at the rate of over Rs. 11 crores a month. In May 1943, a special issue of 3 per cent. Defence Bonds 1946 for Rs. 20 crores was announced to assist in the funding of the liabilities created in connection with the acquisition of railway debentures. The total sales of this issue now aggregate Rs. 19 crores. A further special issue of 3 per cent. 1963-65 was made in July and fetched Rs. 15 crores. In October 1943, an issue of 3 per cent. Funding Loan 1966-68 for Rs. 25 crores was made of which Rs. 20 crores were taken up by subscription and the balance of Rs. 5 crores was

subsequently sold through the Reserve Bank. Recently a further issue of Rs. 50 crores of this loan has been made and about Rs. 4½ crores have already been sold. It was announced in August that to assist in the funding of the liabilities connected with the acquisition of 2½ per cent. and 3 per cent. undated Sterling Stock, counterparts of 3½ per cent. paper would be created to the aggregate value of these two loans and would be sold through the Reserve Bank. There was considerable demand during the year for counterpart loans, mostly for 3½ per cent. Paper, the total amount invested in such issues during the period 1st February 1943 to 31st January 1944 being Rs. 93 crores against Rs. 36 crores for the corresponding period last year. As was the case last year, about Rs. 8 crores of new money was subscribed to certain provincial loans floated to enable the provinces to repay a part of the consolidated debt due to the Centre. All these investments total Rs. 279 crores over the last 12 months which compares with Rs. 93 crores for the same period last year and an aggregate of Rs. 547 crores since the beginning of the war. This means that during the last twelve months we have been able to raise a little more than half the total amount raised since the beginning of the war. Premium bonds in denominations of Rs. 10 and Rs. 100 carrying no interest but in respect of which half-yearly prizes, representing a rate of interest to Government of 2 per cent. per annum, will be allotted, have been issued from the 15th of January. It is too early yet to attempt to estimate the probable yield of the issue.

44. In the important field of small savings, thanks in no small measure to the energetic co-operation of several provinces, which I gratefully acknowledge, there has been a welcome improvement. Whereas in 1941-42 and 1942-43 transactions in all forms of small savings resulted in net withdrawals by the public totalling Rs. 14 crores and Rs. 3½ crores respectively, they are now yielding net deposits at the rate of over Rs. 2½ crores a month and still show a marked upward trend. As from the 1st October the Post Office Ten-Year Defence Savings Certificate were replaced by Twelve-Year National Savings Certificates, which are unencashable for the first three years but which yield to maturity nearly 3½ per cent. per annum compound interest free of income-tax. From the same date the rate of interest on Post Office Savings Bank Deposits was raised from 1½ per cent. to 2 per cent. per annum. Much of the excess purchasing power to-day is passing into the hands of those who are unaccustomed to investing in Government loans and it is important that as much of this as possible should be drawn off. For this express purpose a National Savings Commissioner was appointed last autumn broadly to direct and control the small savings movement from the Centre. A scheme has been evolved which provides for the employment of authorised agents on a commission basis whose function will

be to collect money for investment from villagers, purchase certificates on their behalf and deliver them in the villages. The scheme also provides for the appointment of centrally paid staff to assist provincial authorities, the establishment of savings bureaux in all important towns and for extensive publicity and propaganda designed to promote saving and investment. An honorary lady organiser has also been engaged to enlist the help of women's organisations. The scheme has been accepted by most provinces and is now getting under weigh. With the co-operation and backing of Provincial Governments we may hope for substantial results.

While we may take comfort from the encouraging response to the efforts which were continued throughout the year to attract support to public loans, it must be recognised that we have still a long way to go to achieve our purpose. The aim of our borrowing is not merely to meet our budgetary deficits but also to bridge the inflationary gap and, as we shall see later, there is no reason why if the necessary concomitant steps are taken, we should not attain this target.

45. I have referred before to the variety of anti-inflationary measures that we have introduced. These are partly in the nature of physical controls and partly in the nature of direct monetary regulations. The object is, briefly, on the one hand to restrict spending on the limited supply of consumer goods by the public, and, on the other, to canalise the neutralised purchasing power into Government securities direct, or at least into activities such as the production of consumer goods which tend to alleviate the present scarcity or which will have a definite salutary effect in the immediate post war period. *Pari passu*, the importance of increasing production and supplies has been recognised, and wherever circumstances permit, supplies are increased by import or production of suitable articles to satisfy irreducible public requirements.

In the matter of physical controls, the Government is handicapped by difficulties the nature of which is not always realised. It is not merely the vast size of the country and the educational backwardness of the general population ; but it is also a question of the sufficiency of experienced and capable personnel. Our main difficulties unquestionably arise from the lack of adequate personnel for operating the large variety of physical controls that are in operation, or that should be brought into operation. Nevertheless it is the Government's firm intention to take all possible steps to increase the effectiveness of the measures they have already adopted and to extend control in such further directions as the situation may from time to time demand.

46. In the monetary field we are faced with a difficulty of another kind, and that is, that a large proportion of the purchasing power arising out of Government disbursements finds its way into the hands of classes which are not used to investment in Government securities, and whose outlook can only be changed by sustained persuasive and educative effort. In rural areas, of course, stress is first laid on the desirability of repayment of debts to the Government, Co-operative Banks and private individuals and it is most gratifying to observe that a good deal of progress appears to have been made with the reduction of the burden of agricultural debt.

47. So far as the investment-minded public is concerned, namely, institutional investors and the urban public generally as well as the indigenous credit agencies in the rural areas, we have endeavoured to devise a range of securities to meet every variety of demand. The Government are convinced that the further step suggested in certain quarters, namely an enhancement of the rates of interest would be infructuous and is fraught with the risk of heavily mortgaging the future development of the country, apart from its immediate ill-effects on the balance sheets of institutional investors, who have for the last four years steadily supported the securities market. Nor can I see any advantage in the proposal that any other Allied Government should enter the field as a direct borrower, substituting its credit for that of the Indian Government. It has never been claimed, nor is it likely to prove true, that such a substitution would assist in persuading the rural investor to change his attitude towards investment in Government securities.

48. At this stage I may mention one other important anti-inflationary measure which has attracted public attention. I refer to the sales of gold which the Reserve Bank has been conducting for the last six months. These sales afford an age-old alternative to those who do not, for one reason or the other, wish to invest in Government securities, notwithstanding the advantages of the latter over investment in gold. As I said in reply to a question in this House earlier in the present session, the gold has been provided by H.M.G. and the Government of the U.S.A. from their own resources and the sale proceeds have been used by them towards their war expenditure in India. The import of this gold has thus usefully reduced the gap between India's exports and the restricted imports of other commodities which are available in present circumstances, and by its direct effect in absorbing surplus purchasing power, as well as by its less direct influence, has materially supplemented the other measures which we have been taking to counter inflation and check the rise in commodity prices.

49. Now I come to the other facet of the same problem, namely, the accumulation of sterling and the possibility of

utilising this to the best advantage of the country, or what is sometimes called, the transfer problem. Our sterling credits continued to grow during the year on account of the recovery of war expenditure from H.M.G. and Allied Governments and the purchases from the market, resulting from the current trade surplus. Allowing for receipts and payments during the remaining month of the financial year, it is estimated that the holdings of the Reserve Bank as on the 31st March, 1944, will be approximately Rs. 950 crores.

The question of these large balances continues to engage Government's earnest attention. So far as concurrent utilisation is concerned, the possibilities of repatriation of our public debt have very nearly been exhausted as the year saw the final stage of the programme of repatriation. The 3½ per cent. Railway Debentures, for which notice of redemption was given last year, were redeemed on the 4th February, 1944, the amount paid being £8.8 millions. Stray parcels of the Government of India's sterling stock, both dated and undated, and of Railway Debentures bought and cancelled during the current financial year amounted to £3 millions rupee finance being provided by Government from their balances. Including dated and undated Government of India Stocks, Railway Annuities, Railway Debentures, purchase of railways and one-fourth of the Chatfield debt, the total amount of our sterling obligations redeemed to date is about £350 millions. The sterling liabilities now outstanding consist of the comparatively small amount of £11½ millions of Government of India Stock and Railway Debentures. These amounts represent holdings which either fell outside the scope of the Vesting Orders or in regard to which there has been delay in surrendering the scrip for redemption.

50. In my budget speech last year I said that while it was difficult to state with precision to what extent the funding of the floating debt for the purposes of repatriation had been achieved, the broad position was that Rs. 160 crores could be regarded as being in the form of Central Bank finance. I am glad to be able to inform the House that, mainly as a result of the operations already mentioned, this excess has now been reduced to only Rs. 20 crores, which is roughly equivalent to the amount by which the rupee securities held by the Reserve Bank in its Issue Department exceed the corresponding figure at the outbreak of the war. As a further measure of residual repatriation, arrangements have been made for the acquisition of the Madras and Southern Mahratta Railway and the South Indian Railway on the 1st April, 1944, i.e., 21 months in advance of the date when we would be entitled to do so under the agreements with the Railway Companies. These operations will absorb a sum of approximately £6 millions.

51. As the House is aware, discussions have been taking place in Washington from time to time in regard to the British and United States and other plans that have been put forward for international monetary regulation in the post-war period. These discussions have so far been at the technical level without implying any commitments on the part of the Governments of the countries represented. India has not so far been directly represented in these conversations though we have been kept fully informed of their progress by our Agent-General in America and by H.M.G. The Government have invited opinions in this country on the proposals and the subject has recently been discussed in the General Policy Committee for Reconstruction. After an opportunity has been afforded for discussion in the Legislature, Government will be in a position to formulate their views. It is expected that in due course a conference of all the United Nations will be convened at which India will be represented. It is patent that one of the problems that will confront the world in the post-war period will be the orderly liquidation of balances acquired by various countries during the war and in considering whether India should lend her support to any scheme that may be put forward for international monetary regulation. one of the major considerations will naturally be the extent to which such a scheme assists in providing a solution for problems of this character.

52. This is an issue the outcome of which it is not possible to prejudge at the present stage. Yet it is a matter of peculiar interest to this country, faced as it will be after the war with the urgent necessity of raising its extremely low standard of living. For this purpose plans for reconstruction and development, including a forward policy of industrialisation, are now being laid. The early implementation of these plans will, however, be dependent to no small extent on external finance. This aspect of India's post-war problem was discussed with H.M.G. in connection with the acceptance by India of the general principle of the extension of reciprocal aid to raw materials and foodstuffs. H.M.G. fully sympathise with the desire of the Government of India to make such advance provision as may be practicable during the war for the requirements of post-war development. The House will be gratified to know that H.M.G. have agreed in this connection, and as an integral part of the reciprocal aid arrangement, to set aside each year from now onwards a part of the dollars accruing from India's exports to the U.S.A., apart from and in addition to our current dollar requirements which are met from the Empire dollar pool under the usual sterling area arrangements. These amounts will be held in a dollar account by the Reserve Bank of India with the Bank of England and will thus be immediately available for India's development purposes after the war.

RAILWAY BUDGET 1944–45

Extract from the proceedings of a meeting of the Legislative Assembly, held at New Delhi on Wednesday, 16th February 1944.

Speech of the War Transport Member the Hon'ble Sir Edward Benthall.

SIR,—I have the honour to present the Railway Budget for 1944-45. In doing so, I shall disclose to the House a picture of rising receipts and growing expenditure combined with an ever increasing strain upon the railways. It will be my endeavour to show not only what the railways are doing to meet the insistent pressure of war time demands but also to delve into the future and try to envisage where we shall stand when the war is over. I will, however, deal first with the past and the present.

Accounts for 1942-43

2. When presenting the current year's budget I estimated that the year 1942-43 would end with a surplus of 36.28 crores, which after paying 20.13 crores to General Revenues and discharging in full the outstanding loan of 16.08 crores from the Depreciation Fund would leave 7 lakhs for transfer to Railway Reserve. Our receipts in the last quarter of the year, however, reached a new high level. The gross receipts for the year were accordingly 6.23 crores above our revised estimate. Our ordinary working expenses were, however, 2.29 crores less, while payment to worked lines were 4 lakhs more. Our net miscellaneous receipts were 17 lakhs more and interest charges 13 lakhs less. In the net result the surplus was 45.07 crores, 8.79 crores more than our revised estimate. This additional sum has also been transferred to the Railway Reserve, which at the end of 1942-43 stood at 9.35 crores against our revised estimate of 56 lakhs.

Revised estimate for 1943-44

3. Not only has the revised estimate of the surplus of 1942-43 been exceeded, but the budget estimate of the surplus for 1943-44 is also likely to be greatly exceeded. Last February the estimate of gross traffic receipts for the year was placed at 150 crores. Owing to a continuance of the high level of earnings the present estimate is 178.5 crores. The original estimate of gross working expenses of 88.14 crores has, however, now swollen to 108.58 crores and our interest charges are also 86 lakhs more than our budget while our net miscellaneous receipts show an improvement of 53 lakhs. The net result is a surplus of 43.77 crores against our original estimate of 36.04 crores. Passenger earnings for this year are expected to be 15.31 crores more than our budget. Under goods earnings we expect an increase of 8½ crores over the budget of which 4 crores are due to military traffic

other than traffic carried in military specials. Heavier parcels traffic and increase in military specials are responsible for an increase of 3½ crores under "other coaching earnings." Our working expenses also show an increase which is 24.32 crores over last year and 20.44 crores over the budget. Ordinary working expenses exceed the budget estimate by over 16 crores, of which dearness allowance accounts for 196 lakhs, coal for 186 lakhs, grain shops for 7 crores, the loss under which we now expect to be 10 crores against our budget provision of 3 crores and Defence of India Units for 87 lakhs. We also expect to spend over a crore more on additional staff and in providing temporary quarters for them and over a crore on repairs of which 25 lakhs are for repairs to flood damages. Owing to improvement in earnings our payments to worked lines will exceed the budget provision by 26 lakhs while our interest charges will be 86 lakhs more, primarily on account of additions to capital at charge, to the conversion of some of our specific debt into non-specific debt and to repatriation of certain railway sterling debt. Our net miscellaneous receipts will be 53 lakhs more, almost entirely due to increase in the balances under the Railway Reserve and Depreciation Funds. It is satisfactory to report that the special committee appointed by the House in pursuance of the resolution passed on the 23rd of March 1943 to consider matters arising out of Clause IV of the resolution adopted by the Assembly on the 2nd March 1943 amending the convention resolution of 1924 generally endorsed the financial policy recommended by Government last year. They, however, submitted an interim report in which they recommended an immediate enquiry as to what additional appropriation, if any, should be made to the Depreciation Fund during the war as an emergency provision for additional wear and tear on railway assets arising out of war traffic and subsequently themselves made further proposals in this respect. Government have accepted these recommendations and have decided to make an additional appropriation of 4 crores to the Depreciation Fund in the current year and a similar provision in the budget for the next year.

The net result of transactions for the year is expected to be a surplus of 43.77 crores against 36.04 crores which we originally budgeted for, out of which 11.50 crores will be transferred to the Railway Reserve and the balance of 32.27 crores will go to the General Revenues, an increase of 5.17 crores over the original estimate.

The past year

4. During the past year the strain on the railways has continued with unabated force and with no substantial increase of equipment and abnormal difficulties in maintenance, the essential traffic has only been moved with great difficulty. Nature

was again unkind and on various occasions through traffic was interrupted by floods, cyclones and earthquakes on no less than 13 lines. The damage on the Bombay, Baroda and Central India, the Great Indian Peninsula, the Madras and Southern Mahratta and the Bengal Nagpur Railways was severe, but the effects of these interruptions paled into insignificance beside the breaching in the middle of July of the main and chord lines of the East Indian Railway in the neighbourhood of Saktigar, which was undoubtedly the greatest disater recorded in the history of the Indian Railways. The Damodar river burst its banks and returned to one of its age-old courses, sweeping through these two lines at a point where the exceptionally heavy and vitally important traffic of the East Indian Railway is mainly concentrated. There could not have been in all India a more inconvenient spot for such an occurrence and that it did not result in more calamitous consequences is entirely due to the skilful manner in which traffic was diverted and repairs effected to the railway embankments and river bund. Ruthless curtailment of passenger trains took place and severe restriction on goods traffic was imposed while the maximum use was made of the remaining single lines leading into Calcutta and to the Bengal and Assam Railway which were themselves lines of low capacity. The vital food got through to Bengal in quantities greater even than before the breaches occurred, enough coal was transported to keep the life of Eastern India functioning and essential civil and military traffic was steered through under the guidance of the priority officers of the War Transport Department, whose work of programming here and elsewhere the Railways gratefully acknowledge. The Engineering staff working day and night partially restored communication in an incredibly short space to time, a remarkable achievement, and no tribute can be too high for the skill, ability and determination of the staff engaged in the repair works.

5. The pressure on the railway system has, of course, been unevenly distributed. On the main lines where the density of war traffic is greatest, restrictions have been numerous but over all the essential traffic has been moved, industries have been kept supplied with their coal and raw materials and the finished goods, foodstuffs, minerals and stores have been kept in movement, with frequent irritating delays but they have moved. Less essential traffic has been successfully stopped or severely curtailed except in the direction of the flow of the empty wagons. From April 1st to December 31st 290,036 broad gauge wagons were loaded with grains and pulses as compared with 255,497 in the corresponding period of the previous year. More than double the number of military specials are now being run every month than were run in a pre-war year. A feature of the year's earnings has been the comparatively large increase in coaching earnings and the relative stability of goods movement. The published

figures of wagons loaded and tons lifted are, however, not a true indication of goods movements because the large amount of stores moving in military specials is not included in these figures. But the statistics available for the first six months of the year show that, including military stores by special trains, there has been an increase of 8.6 per cent. in the net ton milage compared with the same period of the previous year.

Passengers

6. The sudden up-surge in passenger travel during the current year has been phenomenal. In the first six months of 1943-44 the increase in the number of passengers carried has been 7.8 crores and the increase in passenger miles has been 315 crores or 30 per cent. over the corresponding period in the preceding year. This was accompanied by a small decrease in passenger vehicle miles. Separate statistics are not available of the number of military passengers but an examination of the earnings from civilian traffic and of military passengers other than those travelling in military specials shows that, although military passenger traffic has more than doubled, the bulk of the increase is in civilian travel. The problem created by this increase is most complex and has caused us the greatest anxiety. It has been examined on two occasions by the Central Advisory Council for Railways who agree that the only certain solution for overcrowding is an increase of passenger services which is impossible owing to the shortage of coal and the necessary diversion of engines to the movement of war traffic. On their advice it is proposed, in order to try to relieve congestion, to intensify the publicity campaign against unnecessary travel while railways, in conjunction with the War Transport Department, are taking steps to increase bus services in areas where the war effort is likely to suffer from the existing congestion in passenger traffic.

Rolling Stock

7. The delivery of locomotives during 1943 was not up to our hopes, but both metre and broad gauge engines are now coming forward in a steady flow. It is expected that before 31st March 106 broad gauge and 214 metre gauge locomotives will have been received in India for erection and that a further 284 broad gauge and 288 metre gauge will be received during 1944-45. The delivery of broad gauge wagons has also been disappointing, largely due to the difficulty in obtaining component parts in India and abroad. 1,900 will be available by the 31st March and we hope to get 5,824 during the following 12 months. All these except for component parts will be manufactured in India. Enquiries are also being made for 5,000 wagons for early delivery from overseas. We expect to receive 2,950 metre gauge wagons this year and 10,626 next year. Welcome relief has however, been received from the loan of metre gauge engines

and wagons from the War Department and the return of metre gauge engines and wagons from overseas. Continued and intensified attention is being paid to the repair of engines and wagons and for this purpose workshop capacity is being steadily taken back from the manufacture of munitions, although there are still 20,000 workers engaged on munitions work in railway workshops. Increased attention is being paid to the better usage of engines and wagons and we are fortunate in this respect to have the benefit of the able advice of Mr. Inglis of the London and North Eastern Railway and Col. Appleton of the Pennsylvania Railroad. I gratefully acknowledge their cordial co-operation in the solution of our problems.

Line capacity

8. To increase our line capacity and to meet the impending military and industrial demands we are, in addition to innumerable minor improvements, doubling some 750 miles of broad and metre gauge railway. We are also adding a fourth line on the East Indian Railway between Asansol and Khana in order to equate the capacity of this section to the lines at each and of this section and, included in the 750 miles referred to, is the doubling of the Bengal Nagpur Railway line from Bankura to Midnapore to improve capacity to and via., Calcutta and to provide an escape route in the event of further trouble from the Damodar river, although we have every hope that the measures being taken by the Government of Bengal will stabilise this river. It may also interest the House to know that to ensure communications, which are such an important matter in railway operation, a scheme is well advanced for providing wireless communications between important railway control points. The benefit of such a scheme in a country subject to cyclonic and other disturbances is obvious.

Coal

9. The movement of coal which represents about 42 per cent. of the total broad gauge ton milage of goods carried by the railways has, in view of the prevailing strain upon the system, been a constant anxiety which has been enhanced by the decrease in coal raisings. The necessity of keeping a constant flow of empty wagons to the Bengal and Bihar coalfields influences the ability of the railways to move other less important traffic many hundreds of miles away and there is nothing which would assist our transportation problem more profoundly than a substantial increase in coal raisings in Central and Southern India with its attendant reduction in the demand for long distance transport of coal to the West and South. Owing to these difficulties, stocks of coal on the railways have fallen to the lowest figure on record and drastic steps have had to be taken to render the position more secure.

Staff

10. The conditions of living of railway workers in the present difficult circumstances has had the constant attention of the Railway Board and the Railway Administrations. The staff has worked with great loyalty throughout the year and most of their unions have given full support to the war effort. The railwaymen have stood up well to bombing in the danger areas. Government have been determined on their side to see that so far as is possible the hardships of war should be mitigated for them and have endeavoured to carry out their undertakings to the letter and in a spirit of appreciation of the services of the staff. The scheme of dearness allowance combined with cheap food which was discussed at such length during the Budget session last year has proved a success, thanks to the determined efforts of the Administrations. By December 1943, 521 grain shops had been opened of which 130 were mobile. 776,000 ration card-holders were served with 1,015,000 maunds of food. The aggregate relief afforded to the staff in that month was calculated at 65 lakhs and the average relief per ration card-holder throughout the country was Rs. 8-6-0. Selling prices have been regulated so as to protect the employee from any rise in prices since the summer of 1942. In the budget for next year, we have allowed for a further 1½ crores on account of further extensions to this scheme and other matters are under consideration in relation to the Government of India's general policy. During the year Government have had under discussion with the Standing Finance Committee the question of the abolition of the Lower Gazetted Service. Government do not accept as valid the reasons advanced by the majority of the Committee against this step and propose to carry the measure through at the appropriate time. But they agree with the view that piecemeal reorganisation at the moment is not desirable and therefore do not propose to press the proposal at the present time. They also recognise that so far no relief in cash has been given to any but the lower paid railwaymen although all are eligible to obtain supplies from the Railway Grain Shops. The commodities handled at these shops are, however, those comprising the necessaries of life of lower paid employees. It will undoubtedly be necessary in due course and in the light of economic conditions which may be expected to prevail to make a comprehensive review of the salaries of all Government servants, but in the meantime the Railway Department are investigating the possibility of providing for the more varied necessaries of life of higher paid railwaymen by the establishment of cost price canteens where the procurement of supplies makes this possible.

Post-war plans

11. In the course of the Railway Budget discussions last year the House, on the motion of the European Group, expressed

considerable interest in the post-war plans of Government in respect of railways. Since that time a great deal of work has been done on numerous aspects of the problem. The post of Member (Engineering) on the Railway Board which was held in abeyance during the years of depression has been revived and the new Member, Mr. L. P. Misra, has in addition to his other duties been specially entrusted with the planning for post-war development and reconstruction. The Indian Railway Conference Association and the various Railway Administrations are also at work and their comprehensive recommendations dealing with almost every side of the problem are being examined by the Board. It would take too long to display the varied facets of the work, but among the principal subjects upon which the Board are concentrating, in addition to the problem of rehabilitation, are

(*a*) the implementing of the decision to construct locomotives and boilers in India ; (A portion of these plans may be carried through as a war measure. Blue prints for the remainder of the scheme are being finalised with the Consulting Engineers and a regular yearly programme of replacement of worn-out rolling stock has been worked out.)

(*b*) the improvement of the amenities of travel, particularly for lower class passengers ;

(*c*) the development of staff welfare work to improve the well-being and efficiency of railway employees ;

(*d*) the improved handling of post-war goods, parcels and passenger traffic ;

(*e*) the participation of railways in road services ;

(*f*) the development of railways in accordance with the Government's general policy of road and rail transport.

To elaborate only one item, the programme for lower class passengers' amenities covers improvements to lower class coaches and the provision of additional new coaches of improved design to provide more space per passenger, the relief of overcrowding by the provision of bus services, overhead watering for the coaches, an extension of waiting sheds and improved amenities therein, waiting rooms for lady passengers, sanitary latrines, vendors shops and stalls, improved booking arrangements, plantation of shade trees and improved water supply, washing places, platforms and more over-bridges. In short, the lower class passenger is to be provided with the many amenities which have been persistently demanded for many years but which the weak position of railway finances has prohibited.

With regard to the development of railways, it is not of course possible now to make any announcement of an extensive increase of railway milage, if only because such a decision must await the settlement of Government's comprehensive transport plan after consultation with the appropriate Post-War Reconstruction Policy Committee and a very wide extension of railway construction is not necessarily compatible with a large programme of new road building. But, taken with the information which was given to the House last year, enough has been said to show that when the time comes for active inauguration of the work, the railways, will not be found wanting. It is not the plans but the financing of those plans which will present the problem.

Railway finances

12. It is now appropriate to review railway finances as a whole. The balances in the Depreciation and Reserve Funds are estimated on March 31st 1944 to be 87.93 and 20.85 crores respectively. At first sight this discloses a position of financial strength such as the railways have never enjoyed in all their long history. But once again this apparent prosperity is illusory. Rehabilitation of the railways and the execution of all the improvements which the Legislature and the public have demanded in recent years will involve a great deal of money. As regards rehabilitation, the Railway Convention Committee has recommended an early enquiry into the lives of the assets, including obsolescence, and the consequent normal rate of contribution to the Depreciation Fund and any other matters, such as the level of prices, affecting the fund. Depreciation is calculated on the basis of the original cost of the assets and it is obvious that if it is to be called upon to replace assets at the level of prices likely to be in force for many years after the war, the Depreciation Fund should be much larger than it is, even disregarding the question of the adequacy of the existing fund on the existing basis. Nor is the Reserve Fund, which at the end of this financial year may amount to about 2½ per cent. of the capital at charge, judged either on a sound financial basis or on the past history of the railways themselves, adequate to meet the great variety of calls which may be made upon it in the future. When the end of the war comes, the tremendous advance in operating costs is not likely to be susceptible of a rapid reduction nor indeed may it be desirable to attempt such a reduction except by gradual processes in tune with the general economic trend. Too drastic action may have the effect of lowering the standard of living of the workers and causing distress to industries dependent upon the railways. We must avoid if possible involving the railways in that long period of cheeseparing which characterised the 1930's. Nor must we forget that the net earnings of the railways are likely to be seriously affected by the need for abnormal

repairs due to their postponement in wartime owing to the difficulty of securing materials. Stocks secured at inflated war prices will have to be written down. Such expenses can only be met out of revenue or out of the Reserve Fund. The earnings to meet these increased charges have been won by increased operational efficiency in relation to a wholly abnormal war traffic and once this ceases—and the stoppage may be sudden and the decline rapid—railways may very easily fall into a swift and serious disequilibrium. Rates and fares may then have to be advanced just at a time when it is most inconvenient and unsound to do so, resulting in great hardship particularly to the poorer classes. Foresight can meet this position; procrastination and a refusal to profit by the lessons of the past may lead to frustration or calamity.

Finance of post-war development

13. The eyes of India are focussed upon her post-war future, political and economic. In the sphere of post-war railway development I have indicated already some of the principal measures which we have in mind, and on examination it is evident that many of them are of the non-paying kind or at best the return on them will be an indirect one. Yet they are measures which have long been called for by Indian public opinion. It is clearly financially unsound that non-paying expenditure should be financed by loan and, if my diagnosis of the future trend of earnings and expenses is correct, the railways will not be able to finance such post-war schemes out of future surpluses. It was considerations such as these that led the Convention Committee to advocate the strengthening of railway reserves, a policy which also clearly commends itself to the House.

If, however, this policy is not to be only a dream and if we are to treat our post-war planning in right earnest, we must be prepared to make sacrifices now in order to build the new India upon which our eyes are fixed. We must not be content with a pious enunciation of a principle but must make the necessary effort to make our dreams come true, and in doing so to face the unpopularity which immediate sacrifice entails.

It may be argued that the Railways are making good money and that the percentage of contribution from the railway surplus to General Revenues should be reduced and the railway reserves correspondingly increased. This matter was gone into thoroughly last year and there is no reason to upset the ratio of the division of the surplus which has been accepted as fair in present conditions.

Rates and fares

14. The question therefore arises whether it is reasonable to increase rates and fares. It must be at once admitted that the total enhancement of these during the war, the extent of

which was summarised by the Chief Commissioner in his Budget speech last year, is negligible compared with the rise in the price of practically all other commodities and services. For wheat which fetched Rs. 10 before the war the farmer to-day gets Rs. 40 ; but the farmer can transport his wheat in full wagon loads for any distance at the same cost as before and on average a journey which then cost Rs. 10 today costs the farmer less than Rs. 10-8-0. Rail transport and travel are among the cheapest things in India today. Uncomfortable though travel is it is unquestionably good value for present day money, the overall increase being only 4½ per cent. on pre-war fares, and, with money to spend and nothing else much to spend it on, travel the public will. The statistics of passenger travel which I have quoted in the earlier part of my speech demonstrate the rapid increase in travel and it is not a mere coincidence that the increase took place in the period in which inflationary tendencies became more prominent.

It will be argued that an enhancement of fares will be a burden on lower class passengers. There is, of course, no discrimination proposed between the classes and it cannot be denied that the lower class passengers will pay their share. But the increase in the number of passengers, mainly lower class, to which I have referred and the figures of prices which I have just quoted are conclusive proof that such people are in an increasingly better position to afford to travel. Their ability to pay for travel is greater than the railways can cater for, and it is the conditions of these passengers and of the poor classes of the railwaymen and of the masses which in the post-war period must be particularly fostered.

There are three good reasons for increasing fares to-day, the effect that such an increase may have on reducing passenger travel, the deflationary effect owing to the immobilisation of a substantial volume of currency and the opportunity of taking the first step towards building up a fund for post-war reconstruction purposes. As regards the first, the experience of 1917, when in similar conditions fares were increased, is likely to be repeated. Action then was followed by a decrease in the number of passengers travelling and, although after a year the number again increased, it did restrict the number who would have travelled had there been no increase in fares. I of course agree with the Central Advisory Council that in present conditions increasing fares, except to a penal extent, will not alone so reduce travel as to prevent overcrowding. The deflationary effect, combined with other measures which the Finance Member may take, will be a very valuable contribution to the solution of India's most pressing economic problem. An increase in goods rates, on the other hand, although it would be thoroughly justified on the

general level of prices, would, unless there were other compensatory action, tend to have an inflationary effect which it is desirable to avoid. The argument in favour of building up a fund for post-war purposes is to my mind paramount and irrefutable and the Governments of the future would rightly blame our shortsightedness and lack of courage if we failed to put them in a position to carry through the post-war plans which we are preparing for their fulfilment.

There might, of course, be objections from some to an increase of rates and fares if the resultant increase of surpluses were diverted largely to General Revenues as the result of the current arrangement for division of the surplus between General Revenues and Railway Reserves, but if any such resultant increases are retained wholly within the Railway Reserves and are used for the benefit of the railway user, it at once becomes quite a different matter. Money would be taken from the railway user now and expended for his benefit later when times are less good.

So, having weighed all these pros and cons, Government have decided from April 1st 1944 to increase rail fares (including fares for military passengers travelling at their own expense) by 25 per cent. so long as present conditions exist, an increase of precisely the same dimensions as was imposed in the last war. The proceeds, which taking into account a small resultant decrease in traffic, are expected to yield 10 crores, will be placed in the Railway Reserve but earmarked for an amenities fund for lower class passengers. Suburban season tickets will be exempted on the ground that they represent obligatory travel and it is administratively practicable to isolate them. As regards goods rates, we do not propose this year to offer a reduction of the surcharge on coal freights from 20 per cent. to 15 per cent. in the slack season as we have done in the past because there is no slack season now and the movement of coal is planned on an even monthly basis throughout the year.

Hon'ble Members of the House will at once recognise that this step is quite a different proposition to that canvassed in the Press during the last few weeks. Besides having a desirable social effect in restraining overcrowding and combating inflation, it is the first positive move towards the finance of post-war reconstruction and the first realistic acceptance on a fit scale of the ideas which have recently been so prominently placed before the country. The building up of a fund such as I have in mind will go far to ensure the raising of the standard of travel of the lower class passenger in the years to come. I urge Hon'ble Members therefore to support Government in this progressive policy and to step forward into the future with courage and vision.

Estimate for 1944-45

15. Dealing next with earnings for the coming year we have followed the previous practice of basing our budget estimate on the revised estimate of the current year, and after taking into account the additional locomotives which will be in use in 1944-45 and the increase in fares we have placed our budget estimate for the next year at 192 crores, 13.5 crores above our revised estimate for 1943-44. In the last 3 years we have learnt the lesson that under war conditions estimates of earnings are highly speculative and we can only base our estimates on the current year's receipts after taking into account known factors which might affect the earnings in the next year. Our estimate of the next year's ordinary working expenses, allowing only for increases which can be foreseen now, is 5.32 crores more than this year's revised estimate. The chief points which require mention in this connection are an increase of 3.42 crores in our coal bill and of 1½ crores under loss on grain shops, and a payment of 51 lakhs to the Madras and Southern Mahratta and South Indian Railway Companies as compensation for loss of earnings from the Government's decision to take over the lines the contracts of which were ordinarily to terminate on 31st December 1945. Our ordinary appropriation to the Depreciation Fund is increased by 24 lakhs on account of increase in our capital while the special emergency provision for additional wear and tear is 4 crores, the same as in the current year. Our payments to worked lines will be only 14 lakhs more and our interest charges 10 lakhs less. Our net miscellaneous receipts are expected to be 54 lakhs more than this year.

In the result our net surplus is estimated at 52.21 crores, 8.44 crores more than in the current year. Out of this sum additional earnings from increase in fares which are estimated at 10 crores will be set aside to the Reserve Fund and earmarked for an amenities fund for lower class passengers. Sobject to the approval of the House Government propose to divide the remaining surplus between the Railways and the Central Government in the same proportion as in the current year, *viz.*, 1 : 3. The share of General Revenues will, after deducting the loss of 1.15 crores under strategic lines, be 31.37 crores and 10.84 crores will be transferred to the Railway Reserve raising its balance to 31.69 crores at the end of the year, or 41.69 crores inclusive of the amenities fund, the latter figure representing still only some 5 per cent. of the capital at charge.

Capital and Depreciation Fund

16. During the year we have dismantled six miles on the Bengal and Assam Railway (Moranhat-Khowang) and except to dismantle 48 miles of a strategic section of the North Western

Railway and another 8 miles on the Bengal and Assam Railway (Shaistagunj-Habigunj) before the close of the year. The reduction in our capital from these transactions will be about 1½ crores. Our programme for the next year does not at present provide for any dismantlement. Our works programme has undergone considerable modifications in the course of the year and we shall have to spend during the year 3½ croes for additional works not contemplated in the original budget. Almost all of them are essential war requirements. Our stores suspense has increased by 3 crores, but we have not yet been able to utilise the full budget provision for the purchase of the Bengal and North Western and Rohilkund and Kumaon Railways, partly because some of the debenture stocks for the discharge of which we had made provision in the budget were discharged in 1942-43 and partly on account of some points arising out of the calculations of purchase price under the contracts being still under dispute with the liquidators. Our total expenditure for the year will, however, exceed our budget provision by 186 lakhs, for which a supplementary demand will in due course be placed before the House. The addition to capital during the year is expected to be 14.82 crores against the budget estimate of 13 crores.

For the next year our programme for a total expenditure of 58.17 crores provides for the purchase of the Madras and Southern Mahratta and South Indian Railways at a cost of 8 crores and the purchase for an aggregate sum of 67 lakhs of the Guzerat Railway and the Dhond-Baramati Railway, the former a narrow gauge line of 53½ miles worked by the Bombay, Baroda and Central India Railway and the latter a narrow gauge line of 27 miles worked by the Great Indian Peninsula Railway. We have also provided 52 lakhs on account of the balance of the purchase price of the Bengal and North Western Railway and Rohilkund and Kumaon Railway. The rest of the capital expenditure will be on rolling stock 34.24 crores, track renewals and bridges 6.68 crores and other structural works 8.92 crores. Our stores balance will increase further by 2.8 crores. After making a lump sum cut we have provided for an expenditure of 51.7 crores, of which 23 crores will be out of Depreciation Fund and 28.7 crores from capital. The total capital at charge at the end of March 1945 is therefore estimated to be 808 crores.

Depreciation Fund

17. The balance in the Depreciation Fund at the end of 1942-43, which is the first year when the actual and nominal balances were the same, was 82.07 crores. During the year 1943-44 the balance will rise to 87.93 crores, but as the withdrawals in 1944-45 are expected to be much heavier than the appropriation the balance will fall to 82.05 crores at the end of 1944-45.

18. In conclusion, I take this opportunity of thanking the Chief Commissioner, Sir Leonard Wilson, and all his men for the work they have done. The increase of traffic achieved with little or no new equipment is work to be proud of. But although railwaymen have again put up a fine record of performance, Government are once again going to call upon them for further efforts. We are not moving enough traffic to meet the demand. More and more traffic has got to be moved. At last more equipment is reaching the railways and they are gradually getting back from the services some of the valuable men who volunteered for service in the early stages of the war. With this aid and with a general speeding up of operation, much more can and must be done if India is to fulfil her function as a major war base, if her industries are to continue at full blast and if her people are not to go short of their essential requirements. The stage is set for a great new endeavour by the railwaymen of India. We must increase the speed of our trains by every possible means, speed up the turn-round of engines through the sheds, speed up the operation of our train control and our yard working, speed up our every action. We must use every possible device to get through more traffic. For many the work is arduous and the strain prolonged, but I recall to the railwaymen the words of Sir Francis Drake on the eve of battle " Lord God, when Thou givest to Thy servants to endeavour any great matter, grant us also to know that it is not the beginning, but the continuing of the same until it be thoroughly finished, which yieldeth the true glory." It is with confidence that I call on the railwaymen once again to make this effort and to earn the true glory.

Rules and Regulations for the Measurement for tonnage of Cotton and other Goods in bales or packages under the orders of the Bombay Chamber of Commerce.

(*Adopted at a Special General Meeting of the Chamber, held on the 24th September* 1924.)

I. Whereas it is expedient to collate and amend the Rules and Regulations for the measurement of goods.

II. All such Rules and Regulations hitherto in force are hereby rescinded and the following are substituted therefor.

III. In the following Rules and Regulations and in any Orders that may from time to time be issued by the General Committee of the Chamber of Commerce under Rule XVII—

(*a*) Measurer shall mean a measurer appointed by the Committee of the Chamber of Commerce for the purposes of these rules.

(*b*) Measurement shall mean measurement by such measurer.

(*c*) Shipper shall mean the person shipping the goods or his representative.

(*d*) Quay shall mean a place in the Docks or at one of the Bunders recognized for the regular shipment of goods.

(*e*) Vessel shall mean a vessel propelled by sail or steam and not being used for the conveyance of goods from the Quay to another vessel in the Port of Bombay.

(*f*) Boat shall mean a vessel, lighter or craft used for the conveyance of goods from the Quay to a vessel in the Port of Bombay.

(*g*) Package shall mean a bale, case, barrel, cask, bag or other receptacle subject to measurement.

(*h*) Consignment shall mean the whole quantity of one commodity subject to measurement to be shipped by one shipper in one vessel.

(*i*) Lot shall mean a package or number of packages forming part of a consignment and presented by one shipper at one time for measurement.

IV. Public Measurers shall be appointed under the authority of the Chamber of Commerce and stationed at the different quays to measure packages.

V. Fees, the amount of which shall from time to time be fixed under the Orders of the General Committee of the Chamber of Commerce, shall be levied in accordance with such Orders on all goods presented for measurement.

VI. No measurement shall be held good except such as are taken by a Measurer and with instruments bearing the stamp of the Chamber of Commerce.

VII. Such instruments shall be supplied and issued to the Measurers by the Chamber of Commerce.

VIII. All instruments shall be submitted to the Secretary of the Chamber of Commerce at intervals to be prescribed by the Committee and a register of such inspections shall be kept.

IX. Measurers shall be responsible for the good order of their instruments and for the prompt return to the Secretary of the Chamber of such as are defective or doubtful.

X. The Chamber's stamp borne by instruments that are found by the Secretary to be defective shall be by him defaced.

XI. Instruments on which the Chamber's stamp has been defaced may be re-stamped under the directions of the Secretary when they are in good order.

XII. Certificates of measurements shall be issued to shippers and/or to Ship Agents in such form and in such manner as the Committee for the time being shall from time to time provide.

XIII. Provided always that the Measurer may withhold or recall such certificate on his having reasonable cause to believe that an irregularity in the matter of shipment has been or is being committed in respect of the goods to which such certificate relates.

XIV. The goods measured shall be alongside the vessel within thirty-six hours after measurement, weather permiting or the certificate shall be void and the packages shall be re-measured on board, written notice being given by the owner, agent or master of the ship to the Shipper and to the Measurer, respectively.

XV. Shippers shall as far as possible see that their goods are so arranged for measurement as not to retard the work of the Measurers.

XVI. The salaries of the Measurers, and all other expense connected with this system of measurement shall be paid by the Chamber of Commerce from the Fee Fund raised under these Rules.

XVII. The Committee of the Chamber of Commerce are hereby authorized to appoint and maintain such staff of Measurers and Assistants, to fix and to pay such salaries to that staff, to fix and to collect such fees, to issue and from time to time to modify such orders, and to do all other such acts and things as may in their opinion be necessary for the proper and economical working of the system in conformity with the general principles herein laid down.

Orders for the Conduct of Measurement of Goods for Tonnage by Public Measurers in the Port of Bombay.

(Issued by the Committee of the Bombay Chamber of Commerce in pursuance of Section XVII of the Rules and Regulations adopted at a Special General Meeting of the Chamber held on the 24th September, 1924.)

(1) All Orders hitherto in force for the governance of Measurers are hereby rescinded and the following are substituted.

(2) The Measurers shall be in attendance on the Quays to which they are appointed whenever there are goods to be measured. During the busy season Measurers are expected to be on duty early and late.

(3) All Measurement Fees shall be paid to the Measurement Fee Clerk, and no goods shall be measured without the production of the Customs House Pass bearing the endorsement of the said clerk to the effect that the fees have been paid.

(4) The certificates of measurements issued in conformity with Rule XII shall show—

(*a*) the date, hour and place of measurement ;

(*b*) the name of the shipper ;

(*c*) the name of the vessel ;

(*d*) the port of destination ;

(*e*) the number and description of packages ;

(*f*) the marks ;

(*g*) the measurement ;

and in the case of goods shipped by boat—

(*h*) the registered number of the boat ;

(*i*) the name of the tindal.

The certificates of measurement shall be issued by the Measurers and shall in every case be signed by the Measurer who measured the goods.

(5) The whole of the packages forming a consignment of not more than thirty-two packages must be deposited on the Quay before measurement is taken.

(6) Consignments of more than thirty-two packages may be presented for measurement in lots of not less than thirty-two packages provided always that each lot, as soon as it is measured, is loaded into boats or shipped and that no unmeasured lot is mixed with a measured lot. Provided also that a final lot of less than thirty-two packages, being the complement of a consignment of more than thirty-two packages, may be measured separately.

(7) Shippers failing to have each lot as soon as measured loaded into boats or shipped ; or shippers mixing unmeasured goods with measured goods or permitting them to be mixed ; or shippers retarding the work of the Department by failing to move with reasonable promptitude the bales required by the Measurer to be moved for the proper performance of his duties ; or shippers attempting to elude these regulations, any such

persons or their representatives may be required by the Measurer to deposit on the Quay the whole complement of their consignment before measurement is taken. In all cases when such requisition is made, the Measurer making it shall briefly report in writing to the Secretary the name of the shipper against whom, the goods in respect of which and the reason for which, it has been made.

(8) A Measurer withholding or recalling a certificate under Section XIII of the Rules and Regulations adopted on the 24th September 1924 shall likewise briefly report to the Secretary in writing.

(9) No goods shall be measured otherwise than on a Quay excepting under the special conditions contemplated under Rule XIV and Order 22.

(10) Each and every package in a lot of packages not of uniform dimensions shall be measured individually. This Rule shall not apply to lots of pressed bales from various presses if the shipper arrange such diverse bales according to their respective dimensions separately on the Quay.

(11) In regard to packages of uniform dimensions the Measurer shall use his judgment as to the proportion of such goods he should measure ; but such proportion shall in no case be less than five per centum of each lot. Care must be taken by the Measurers that they are not induced to measure packages that do not fairly represent the average.

(12) In no case shall a shipper's man or men be allowed to put the callipers on a package. A peon of the Chamber holding the callipers may, when standing exactly in front, pull them tight with his hands but not when standing on one side, nor shall he ever be allowed to pull the callipers towards his chest or side or to put his shoulder to them.

(13) In measurement for length, care must be taken that the legs of the callipers touch the ground and that bales when being measured lie in the same position as when in the press. Measurement of bales for depth and breadth shall be taken on the ends, half the number of bales being measured on the marked end and half on the other end.

(14) Measurers when measuring pressed bales shall ascertain whether all are from one press or not, and under orders (10) and (11) of these orders shall further ascertain how many bales there are from each press and shall give measurement accordingly and show on the certificate the number of bales to which each measurement relates.

(15) In cases where the shipper shall hand to the Measurer a letter from the owner, agent or master of the vessel authorising the Measurer to accept for measurement and calculation of average such packages as the said shipper may reserve for such measurement, the Measurer shall measure the packages so reserved and give a certificate on the basis of their measurement, provided that such packages represent not less than five per centum of the entire consignment.

(16) The scale of measurement fees leviable under Rules V and XVII shall be as follows :—

(*a*) On Cotton, Wool, Hemp, Aloe Fibre, Twist (white and coloured), Rags, and waste in pressed bales—pies 6 per bale.

(*b*) On Round Timber or Logs—each annas 8.

(*c*) On Gunny bales from Calcutta, Hide and Skins, Piece-goods, and all goods not included under (*a*) and (*b*), packages of divers dimensions—annas 2 per package.

Subject to a rebate of anna one per package on the Measurer's certifying that the lot measured consisted of not less than 50 packages all of uniform dimensions.

(*d*) On goods of any description measured on board a vessel—annas 2 per package.

(*e*) When the work of the Department admits of such an arrangement, the exclusive services of a Measurer for a day may be secured on payment to the Secretary of a fee of Rs. 10.

(*f*) The attendance of a Measurer on a Sunday or one of the Charter-Party Holidays when the Docks are closed may be secured on application to the Secretary, accompanied by the sum of Rs. 15 which shall be paid by him to the Measurer appointed by him to attend. The fee of Rs. 15 shall cover the services of one Measurer for one ship. If two Measurers are applied for two fees of Rs. 15 must be paid at the time of application. If a Measurer is required to work on more than one steamer a separate fee of Rs. 15 must be in respect of each steamer.

(*g*) The attendance of a Measurer for night duty may be secured in the same manner as above.

(17) All disputes as to the applicability of Order 16 (*d*) under Rule XIV shall be referred to the Weather Working Days Committee of the Chamber and the decision of that Committee shall be final. With respect to Order 16 (*d*) a refund of pies 6 per package will be made on declaration of the said Committee, remitted on the invitation of the claimant that the state of the weather during the thirty-six hours of grace allowed had been such as to justify the shipper's delay in bringing the goods alongside.

(18) Refund of measurement fees in full shall be made in respect of a consignment or portion of a consignment shut out after measurement.

(19) In respect of Round Timber and Logs, the measurement to be certified, in accordance with Order 4 (*g*), shall be as follows :—

Length in feet and inches : As found with tape.

Breadth : The mean of two measurements taken with callipers at thickest and thinnest portions.

Depth : The mean of two measurements taken with callipers at thickest and thinnest portions.

The certificate shall also show under Order 4 (*a*) not only the time at which the work of measurement was commenced, but the time at which it was completed. On application to the Secretary supported by evidence of time as here provided refund will be made of the difference between the fee as prescribed under Order (16) (*b*), and a charge of Rupees Two for every hour or part of an hour actually occupied in measurement.

(20) Refund of Measurement Fees shall not be made for any sum less than three Rupees.

(21) All claims for Refund of Measurement Fees shall be made to the Secretary of the Chamber of Commerce who shall allow or disallow such claims in conformity with these Orders, but no claim for Refund of Measurement Fees shall be allowed unless presented within one month from the date of the sailing of the vessel concerned.

(22) Each Measurer shall keep a Dispute Book and it shall be competent for any shipper or the owner, agent or master of a vessel who disputes the correctness of a measurement given in respect of goods being shipped by him to call for the said Dispute Book, which the Measurer shall produce at once, and to enter therein a claim to have the goods in question or any portion of them remeasured. And on the said shipper or the owner, agent or master of a vessel depositing with the Measurer the sum of annas 2 for each package to be measured, the Measurer shall at once remeasure such package or packages in such a manner that the shipper or the owner, agent or master of a vessel can see whether the measurement is correctly taken and shall give to the shipper or the owner, agent or master of a vessel a certificate of the measurement so found and write thereon the words " Protested Certificate. Fee paid Rs. . . . ." and the sum so paid. The Measurer shall immediately thereafter forward to the Secretary a statement of the case together with the amount of the Fee received.

Provided that on any of the stations where more than one measurer is employed, the Measurer whose measurements are disputed shall, immediately after receiving the protest and fee,

call another Measurer who shall make the remeasurement in the manner above laid down, shall issue the " Protested Certificate " and forward the necessary statement to the Secretary.

(23) Should a shipper demand remeasurement under Order 22 and should such remeasurement, in the opinion of the Secretary, show the original measurement not to have been substantially correct, the extra fee of annas 2 per package shall be refunded to the shipper on demand and the case reported to the Committee.

(24) Every Measurer shall receive a book of Measurement Slips together with indelible pencil and carbon paper for making such slip in quadruplicate. The Measurer will hand to the shippers at the time of measurement the original and the third carbon copy ; the first carbon copy will be handed to the ship agent's representative on demand and the second carbon copy will be retained for the Chamber's records.

Provided that when goods are shipped in boats for delivery alongside, the said first carbon copy, belonging to the ship's agent, shall be handed to the boatman from whom it should be obtained by the ship's officers.

STATEMENT showing the Total Measurement of Bales and Miscellaneous Packages with Receipts, Expenditure, etc.

Year ending.	No. of Bales and Packages measured.	Receipts. Rs.	Expenditure. Rs.	Surplus Receipts. Rs.	Excess of Expenditure. Rs.
From 18th May 1870 to 30th Nov. 1872	Not recorded.	52,215	36,315	15,900	..
From 1st Dec. 1872 to 30th Nov. 1873	1,086,577	16,995	15,291	1,704	..
Year ending 30th November 1874 ..	1,402,379	21,707	18,986	2,721	..
Do. 30th November 1875 ..	1,474,470	23,039	22,009	1,030	..
Do. 30th November 1876 ..	1,240,034	19,375	22,355	..	2,980
Do. 30th November 1877 ..	1,101,318	18,324	21,561	..	3,237
Do. 30th November 1878 ..	1,040,961	20,837	23,287	..	2,450
Do. 30th November 1879 ..	887,100	28,808	20,140	8,668	..
Do. 30th November 1880 ..	1,163,545	33,219	20,084	13,135	..
Do. 30th November 1881 ..	1,313,592	25,177	24,029	1,147	..
Do. 30th November 1882 ..	1,892,796	33,225	24,757	8,468	..
Do. 30th November 1883 ..	1,852,047	33,792	25,605	8,187	..
Do. 30th November 1884 ..	1,814,986	33,404	22,604	10,800	..
Do. 31st December 1885 ..	1,402,845	29,482	24,385	5,097	..
Do. 31st December 1886 ..	1,748,856	32,893	21,582	11,311	..
Do. 31st December 1887 ..	1,845,446	35,933	20,017	15,916	..
Do. 31st December 1888 ..	1,659,273	36,371	21,057	15,314	..
Do. 31st December 1889 ..	2,156,604	43,042	21,648	21,394	..
Do. 31st December 1890 ..	2,330,935	45,872	23,171	22,701	..
Do. 31st December 1891 ..	2,012,900	39,533	23,402	16,131	..
Do. 31st December 1892 ..	1,946,389	38,017	24,495	13,522	..
Do. 31st December 1893 ..	1,691,755	32,517	24,273	8,244	..
Do. 31st December 1894 ..	1,708,723	33,665	25,156	8,509	..
Do. 31st December 1895 ..	1,679,325	34,921	21,546	13,375	..
Do. 31st December 1896 ..	2,049,862	40,061	22,240	17,821	..
Do. 31st December 1897 ..	1,746,610	33,956	22,484	11,472	..
Do. 31st December 1898 ..	1,910,140	36,174	21,100	15,074	..
Do. 31st December 1899 ..	2,132,663	41,684	21,041	20,643	..
Do. 31st December 1900 ..	1,147,591	28,302	20,844	7,458	..
Do. 31st December 1901 ..	2,947,198	45,497	21,918	23,579	..
Do. 31st December 1902 ..	2,159,823	43,709	26,865	16,844	..
Do. 31st December 1903 ..	2,664,171	53,654	31,522	22,132	..
Do. 31st December 1904 ..	2,292,791	48,673	19,666	29,007	..
Do. 31st December 1905 ..	2,534,599	53,255	21,427	31,828	..
Do. 31st December 1906 ..	2,685,432	54,215	23,516	30,699	..
Do. 31st December 1907 ..	2,976,312	60,171	27,054	33,117	..
Do. 31st December 1908 ..	2,302,349	48,844	29,706	19,138	..
Do. 31st December 1909 ..	2,736,023	57,502	28,310	29,192	..
Do. 31st December 1910 ..	3,163,919	65,853	30,617	35,236	..
Do. 31st December 1911 ..	2,390,016	54,123	34,028	20,095	..
Do. 31st December 1912 ..	2,528,825	55,571	31,953	23,618	..
Do. 31st December 1913 ..	3,127,997	64,049	32,441	31,608	..
Do. 31st December 1914 ..	3,336,685	65,197	36,014	29,183	..
Do. 31st December 1915 ..	3,361,744	73,410	35,002	38,408	..
Do. 31st December 1916 ..	3,409,241	85,407	37,571	47,836	..
Do. 31st December 1917 ..	2,944,353	67,356	41,360	25,996	..
Do. 31st December 1918 ..	1,933,943	73,386	41,640	31,746	..
Do. 31st December 1919 ..	2,910,991	86,189	46,154	40,035	..
Do. 31st December 1920 ..	3,027,873	1,06,901	70,146	36,755	..
Do. 31st December 1921 ..	3,407,858	1,54,071	70,208	83,863	..
Do. 31st December 1922 ..	3,517,691	1,60,333	76,399	83,934	..
Do. 31st December 1923 ..	2,692,835	1,24,179	76,939	47,240	..
Do. 31st December 1924 ..	2,365,531	1,16,002	72,034	43,968	..
Do. 31st December 1925 ..	2,111,055	1,09,375	69,703	39,672	..
Do. 31st December 1926 ..	1,785,602	1,08,621	68,203	40,418	..
Do. 31st December 1927 ..	1,573,756	1,33,382	74,839	58,543	..
Do. 31st December 1928 ..	1,991,021	1,13,092	71,963	41,129	..
Do. 31st December 1929 ..	1,825,481	1,02,578	69,338	33,240	..
Do. 31st December 1930 ..	1,812,795	1,00,015	69,192	30,823	..
Do. 31st December 1931 ..	1,288,522	82,470	62,917	19,553	..
Do. 31st December 1932 ..	985,491	79,726	60,855	18,871	..
Do. 31st December 1933 ..	1,255,823	77,857	57,161	20,696	..
Do. 31st December 1934 ..	1,185,092	76,414	55,958	20,456	..
Do. 31st December 1935 ..	1,312,477	80,997	60,126	20,871	..
Do. 31st December 1936 ..	1,480,674	87,086	60,676	26,410	..
Do. 31st December 1937 ..	1,592,567	1,03,975	67,914	36,061	..
Do. 31st December 1938 ..	1,645,592	1,06,116	79,615	26,501	..
Do. 31st December 1939 ..	1,388,253	93,819	75,999	17,820	..
Do. 31st December 1940 ..	1,519,661	1,12,739	65,480	47,259	..
Do. 31st December 1941 ..	2,269,911	1,85,892	85,228	1,00,664	..
Do. 31st December 1942 ..	2,590,102	2,14,935	1,01,459	1,13,476	..
Do. 31st December 1943 ..	1,583,475	1,47,167	95,786	51,381	..

Statement showing the Total Measurement and weighment of Bales and Miscellaneous Packages, with Receipts for the years 1923 *to* 1943.

Years.	Nett Bales certified Measurement.				Nett Miscellaneous Articles.				Nett Weighment Packages.				Nett Round Logs.				Extra Fees.			Nett Totals.			
	Number of Bales.	Nett Fees.			Number of Packages.	Nett Fees.			Number of Packages.	Nett Fees.			Number of Logs.	Nett Fees.			Amount.			Packages.	Nett Fees.		
		Rs.	a.	p.		Rs.	a.	p.		Rs.	a.	p.		Rs.	a.	p.	Rs.	a.	p.		Rs.	a.	p.
1923..	2,024,508	63,265	14	0	668,323	57,951	2	3	..	..			4	2	0	0	2,960	7	6	2,692,835	1,24,179	7	9
1924..	1,723,813	53,869	2	6	641,718	58,174	5	9	..	..			..	..			3,958	14	0	2,365,531	1,16,002	6	3
1925..	1,579,403	49,356	5	6	531,652	55,700	2	6	..	..			..	..			4,318	7	6	2,111,055	1,09,374	15	6
1926..	1,254,587	39,205	13	6	531,015	63,323	9	0	..	..			..	..			6,091	7	6	1,785,602	1,08,620	14	0
1927..	995,512	31,141	0	0	577,244	68,542	0	0	..	..			..	..			33,699	10	0	1,573,756	1,33,382	10	0
1928..	1,480,555	46,267	5	6	510,388	60,803	15	0	..	..			78	39	0	0	5,981	6	0	1,991,021	1,13,091	10	6
1929..	1,328,917	41,528	10	6	496,505	58,565	3	0	..	..			59	29	8	0	2,455	0	6	1,825,481	1,02,578	6	0
1930..	1,365,626	42,675	13	0	447,169	51,784	15	0	..	..			..	..			5,554	7	6	1,812,795	1,00,015	3	6
1931..	882,510	27,578	7	0	406,012	47,149	1	0	..	..			..	..			7,743	1	0	1,288,522	82,470	9	0
1932..	487,331	15,229	1	6	498,160	56,297	1	0	..	..			..	..			8,199	15	0	985,491	79 726	1	6
1933..	834,305	26,072	0	6	421,518	46,986	4	0	..	..			..	..			4,799	2	6	1,255,823	77,857	7	0
1934..	738,590	23,080	15	0	446,502	51,297	12	0	..	..			..	..			2,035	4	0	1,185,092	76,413	15	0
1935..	861,868	26,933	6	0	470,609	51,453	10	0	..	..			..	..			2,610	6	6	1,312,477	80,997	6	6
1936..	1,003,105	31,347	0	6	477,562	54,601	2	0	..	..			7	3	8	0	1,134	8	6	1,480,674	87,086	3	0
1937..	890,194	27,818	4	0	589,709	66,567	4	0	112,659	6,953	11	0	15	7	8	0	2,628	3	0	1,592,567	1,0[illegible],974	14	0
1938..	771,860	24,120	10	0	502,612	57,301	3	0	371,120	22,882	8	0	..	..			1,812	4	6	1,645,592	1,06,116	9	6
1939..	690,835	21,588	9	6	500,526	57,034	10	0	196,887	12,166	6	0	5	2	8	0	3,027	5	0	1,388,253	93,819	6	6
1940..	646,462	20,201	15	0	674,508	74,724	12	0	198,589	12,171	2	6	102	17	4	0	5,624	2	6	1,519,661	1,12,739	4	0
1941..	585,399	18,293	11	6	1,408,357	140,141	14	0	276,155	15,505	0	6	..	..			11,951	6	0	2,269,911	1,85,892	0	0
1942..	674,587	21,080	13	6	1,737,015	172,331	10	6	178.500	17,301	3	6	..	..			4,220	14	6	2,590,102	2,14,934	10	0
1943..	286,017	8,938	0	6	1,265,373	133,468	15	0	32,085	3,113	11	0	..	..			1,646	12	0	1,583,475	147,167	6	6

FINANCIAL STATISTICS.

RESERVE BANK OF INDIA

Balance Sheet as at 31st March 1944

ISSUE DEPARMENT

LIABILITIES.	Rs.	ASSETS.	Rs.
Notes held in the Banking Department ..	12,35,59,000	Gold Coin and Bullion—	
		(a) Held in India	44,41,43,000
		(b) Held outside India	....
Notes in Circulation	882,48,84,000	Sterling Securities	779,83,96,000
		Rupee Coin	12,26,36,000
		Government of India Rupee Securities	58.32,68,000
		Internal Bills of Exchange and other Commercial Paper	....
Total Rs. ..	894,84,43,000	Total Rs. ..	894,84,43,000

BALANCE at the credit of the Government of India in the Reserve Bank of India on 31st March
(In Lakhs of Rupees 00,000s omitted).

1936	1,142	1940	1,565
1937	1,285	1941	1,357
1938	1,772	1942	1,515
1939	1,666	1943	1,741

	Official year 1942-43. Rs.	Official year 1941-42. Rs.	Official year 1940-41. Rs.
COINAGE OF SILVER IN INDIA—(Bombay and Calcutta Mints)— Whole Rupees	21,16,00,001	25,05,00,002	9,06,02,180

	Rs.
NET PROFIT ON COINAGE (Nickel, Bronze and Copper) for the year 1942-43	4,63,92,940

	Rs.
AMOUNT OF GOVERNMENT PROMISSORY NOTES standing on the London Registers at the end of March 1934	8,16,29,300
,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, 1935	8,48,36,000
,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, 1936	7,91,99,000
,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, 1937	7,74,08,000
,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, 1938	7,63,18,000
,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, 1939	7,55,28,150
,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, 1940	5,44,65,550
,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, 1941	5,38,36,550
,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, 1942	2,05,78,550
,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, 1943	2,01,62,750
,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, ,, 1944	1,95,97,950

IMPORT AND EXPORT TRADE OF BRITISH INDIA.

STATEMENT showing the Annual Value of the Import and Export Trade of British India and the Total Miles of Railway opened.

Calendar Year.	Total Miles of Railway opened.	Year ending 31st March.	Imports.			Exports.		
			Merchandise.	Treasure.	Total Merchandise and Treasure.	Merchandise.	Treasure.	Total Merchandise and Treasure.
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1878 ..	8,217	1878	41,46,41,851	17,35,54,596	58,81,96,447	65,22,23,282	2,21,09,956	67,43,33,238
1879 ..	8,494	1879	37,80,09,835	7,05,67,486	44,85,77,321	60,93,68,769	3,98,22,283	64,91,91,052
1880 ..	9,162	1880	41,17,25,671	11,65,48,948	52,82,74,619	67,21,07,406	2,03,51,479	69,24,58,885
1881 ..	9,890	1881	53,08,68,074	8,99,72,139	62,08,40,213	74,54,09,072	1,44,04,408	75,98,13,480
1882 ..	10,149	1882	49,11,28,724	11,32,27,804	60,43,56,528	81,96,64,102	1,09,97,468	83,06,61,576
1883 ..	10,458	1883	52,09,86,720	13,45,33,642	65,55,20,362	83,48,49,372	1,04,18,488	84,52,67,860
1884 ..	11,631	1884	55,29,89,907	12,87,79,633	68,17,69,540	88,07,64,315	1,00,84,937	89,08,49,252
1885 ..	12,283	1885	55,70,16,804	13,88,81,918	69,58,98,722	83,17,01,507	1,96,89,796	85,13,91,302
1886 ..	12,892	1886	55,65,19,552	15,46,70,808	71,11,90,360	83,86,11,693	1,10,82,310	84,96,94,603
1887 ..	14,103	1887	61,81,19,608	11,04,83,224	72,86,02,832	88,48,10,354	1,72,04,261	90,20,14,615
1888 ..	14,576	1888	65,00,45,881	13,81,25,456	78,81,71,337	90,54,36,458	1,60,46,242	92,14,82,700
1889 ..	15,887	1889	69,43,77,531	13,84,49,249	83,28,26,780	97,06,02,386	1,78,43,819	98,84,46,205
1890 ..	16,401	1890	69,19,93,762	17,45,45,037	86,65,38,799	1,03,44,87,052	1,90,63,218	1,05,35,50,270
1891 ..	17,308	1891	71,97,57,754	21,93,44,876	93,91,02,630	1,00,21,50,575	2,12,31,785	1,02,33,82,360
1892 ..	17,815	1892	69,42,75,659	14,72,26,621	84,15,02,280	1,08,17,79,873	3,28,66,858	1,11,46,46,731
1893 ..	18,504	1893	66,27,86,222	17,00,98,101	83,28,84,323	1,06,57,46,715	6,95,89,237	1,13,53,35,952
1894 ..	18,900	1894	77,02,60,944	18,46,12,564	95,48,73,508	1,06,51,48,540	4,10,01,921	1,10,61,50,461
1895 ..	19,547	1895	73,51,65,042	9,58,12,084	83,09,77,126	1,08,92,91,101	8,22,60,717	1,17,15,51,818
1896 ..	20,254	1896	72,93,61,344	13,36,79,854	86,30,41,198	1,14,34,59,341	4,25,98,105	1,18,60,57,446
1897 ..	21,115	1897	76,21,58,352	13,08,45,635	89,30,03,987	1,03,98,36,184	4,93,74,955	1,08,92,11,139
1898 ..	22,040	1898	73,63,43,159	20,53,06,170	94,16,49,329	97,63,51,802	7,14,86,470	1,04,78,38,272
1899 ..	23,523	1899	72,11,07,161	17,89,56,127	90,00,63,288	1,12,80,11,811	7,41,14,207	1,20,21,26,018
1900 ..	24,752	1900	75,30,44,785	20,97,36,851	96,27,81,636	1,09,11,36,448	7,95,63,876	1,17,07,00,324
1901 ..	25,363	1901	80,89,40,873	24,57,61,818	1,05,47,02,691	1,07,76,44,143	14,22,73,646	1,21,99,17,789
1902 ..	25,931	1902	88,74,24,199	20,87,13,352	1,09,61,37,551	1,24,52,48,571	11,47,08,603	1,35,99,57,174
1903 ..	26,956	1903	85,86,30,829	25,31,83,178	1,11,18,44,007	1,29,40,79,337	9,65,76,370	1,39,06,55,707

1904 ..	27,565	1904	92,59,22,723	38,52,61,072	1,31,11,83,795	1,53,51,71,599	15,04,38,811	1,68,56,10,410
1905 ..	28,295	1905	1,04,41,27,454	39,50,81,750	1,43,92,09,204	1,67,70,83,029	16,42,88,167	1,74,13,71,196
1906 ..	29,097	1906	1,12,07,09,822	31,65,14,438	1,43,72,24,260	1,61,85,53,960	15,47,00,054	1,77,32,54,014
1907 ..	30,010	1907	1,17,24,15,294	44,57,98,114	1,61,82,13,408	1,76,66,94,270	5,71,82,526	1,82,38,76,796
1908 ..	30,576	1908	1,36,53,80,464	42,28,44,977	1,78,82,25,441	1,77,37,29,392	5,44,85,001	1,82,82,14,393
1909 ..	31,490	1909	1,28,77,81,788	22,74,41,677	1,51,52,23,465	1,53,14,31,953	6,32,02,465	1,59,46,34,418
1910 ..	32,099	1910	1,22,64,97,224	37,52,34,734	1,60,17,31,958	1,87,83,04,410	6,39,90,403	1,94,22,94,813
1911 ..	32,839	1911	1,33,70,57,458	39,77,35,730	1,73,47,93,188	2,10,15,16,030	7,12,69,254	2,17,27,85,284
1912 ..	33,484	1912	1,44,05,54,383	53,47,08,480	1,97,52,62,863	2,27,98,82,325	10,37,39,063	2,38,36,21,388
1913 ..	34,656	1913	1,66,62,96,807	61,83,17,536	2,28,46,14,343	2,46,21,83,342	10,63,17,656	2,56,85,00,998
*1913-14..	34,656	1914	1,91,30,79,586	43,43,96,503	2,34,74,76,089	2,49,00,74,896	7,08,28,850	2,56,09,03,746
*1914-15..	35,285	1915	1,44,93,07,207	21,80,83,236	1,66,73,90,443	1,82,17,60,256	5,28,94,370	1,87,46,54,626
*1915-16..	35,833	1916	1,38,16,93,032	11,94,62,390	1,50,11,55,422	1,99,48,03,975	8,22,57,819	2,07,70,61,794
*1916-17..	36,286	1917	1,60,24,89,599	38,45,26,695	1,98,70,16,294	2,47,37,74,815	6,41,72,070	2,53,79,46,885
*1917-18..	36,333	1918	1,64,35,48,949	51,76,43,160	2,16,11,92,109	2,44,90,40,505	7,54,39,185	2,52,44,79,690
*1918-19..	36,616	1919	1,88,56,24,317	71,36,55,075	2,59,92,79,392	2,55,32,02,610	9,01,03,571	2,64,33,06,181
*1919-20..	36,735	1920	2,21,70,24,425	78,23,88,554	2,99,94,12,979	3,32,75,78,755	13,67,97,719	3,46,43,76,474
*1920-21..	37,029	1921	3,47,13,52,122	34,76,34,962	3,81,89,87,084	2,67,64,36,175	26,17,12,640	2,93,81,48,815
*1921-22..	37,266	1922	2,82,59,75,453	31,29,90,526	3,13,89,65,979	2,48,65,76,106	19,06,73,144	2,67,72,49,250
*1922-23..	37,618	1923	2,46,19,24,109	63,57,96,096	3,09,77,20,205	3,16,07,16,915	3,01,71,845	3,19,08,88,760
*1923-24..	38,039	1924	2,37,18,32,279	53,20,40,566	2,90,38,72,845	3,63,37,63,664	3,67,32,510	3,67,04,96,174
*1924-25..	38,270	1925	2,53,36,36,608	99,19,84,987	3,52,56,21,595	4,00,24,27,531	5,16,81,392	4,05,41,08,923
*1925-26..	38,610	1926	2,36,00,12,595	55,48,77,580	2,91,48,90,175	3,86,81,21,842	3,83,91,668	3,90,65,13,510
*1926-27..	39,048	1927	2,40,81,84,303	41,53,20,573	2,82,35,04,876	3,11,05,04,300	2,21,13,404	3,13,26,17,704
*1927-28..	39,048	1928	2,61,53,40,569	34,89,52,529	2,96,42,94,098	3,30,26,37,283	3,13,60,896	3,33,39,98,179
*1928-29..	40,330	1929	2,63,39,79,360	37,29,42,646	3,00,69,22,006	3,39,15,06,656	6,35,31,454	3,45,50,38,110
*1929-30..	41,723	1930	2,49,70,74,490	27,83,19,584	2,77,53,94,074	3,18,98,97,089	5,14,33,004	3,24,13,30,093
*1930-31..	42,281	1931	1,73,06,25,932	26,86,34,373	1,99,92,60,305	2,26,50,21,864	4,00,08,598	2,30,50,30,462
*1931-32..	42,813	1932	1,30,64,28,506	7,26,80,825	1,37,91,09,331	1,61,20,22,325	65,92,85,265	2,27,13,07,590
*1932-33..	42,973	1933	1,35,01,76,054	2,99,13,188	1,38,00,89,242	1,35,93,34,109	70,66,15,528	2,06,59,49,637
*1933-34..	42,973	1934	1,17,30,45,422	1,96,15,215	1,19,26,60,637	1,51,17,15,209	65,56,63,908	2,16,73,79,117
*1934-35..	43,021	1935	1,34,58,25,058	5,19,17,165	1,39,77,42,223	1,55,49,71,644	63,50,46,139	2,19,00,17,783
*1935-36..	43,118	1936	1,36,76,36,945	7,44,88,569	1,44,21,25,514	1,64,59,69,634	45,66,88,147	2,10,26,57,781
*1936-37..	43,128	1937	1,27,72,13,251	15,50,89,994	1,43,23,03,245	2,02,48,94,884	30,20,40,314	2,32,69,35,198
†*1937-38.	41,076	1938	1,77,22,08,967	4,71,24,768	1,81,93,33,735	1,89,76,39,162	19,76,70,257	2,09,53,09,419
†*1938-39.	41,134	1939	1,55,55,32,005	3,24,36,026	1,58,79,68,031	1,69,83,11,805	15,19,54,275	1,85,02,66,080
†*1939-40.	41,156	1940	1,68,96,13,528	6,64,41,915	1,75,60,55,443	2,15,95,10,828	40,79,57,074	2,56,74,67,902
†*1940-41.	41,052	1941	‡1,56,96,88,235	....	....	‡1,98,71,57,790	....	....
†*1941-42.	40,477	1942	‡1,73,27,01,339	....	....	‡2,52,90,62,823	....	....
†*1942-43.	40,525	1943	‡1,10,44,82,618	....	....	‡1,94,55,33,201	....	....

* Official year ending 31st March.

† Exclusive of Burma due to separation.

‡ Imports and Exports of Government Stores and Treasure not available.

Exports of Cotton, Wool, Linseed, Rape Seed, Gingelly Seed, Wheat and Myrabollams from Bombay by Sea to Europe (including Port Said for orders) during the Calendar Years 1892 to 1943.

Years.	Cotton.	Wool and Goat Hair.	Linseed.	Rape Seed.	Gingelly Seed.	Wheat.	Myrabollams.
	Bales.	Bales.	Cwts.	Cwts.	Cwts.	Cwts.	Cwts.
1892	954,243	53,275	3,805,823	1,758,459	1,227,560	9,374,762	620,133
1893	857,771	49,538	4,319,264	4,275,862	1,510,317	5,043,690	563,053
1894	797,070	54,678	5,389,941	3,306,108	1,126,418	1,561,048	1,076,482
1895	624,465	61,586	2,639,749	1,829,827	1,379,335	2,522,933	775,582
1896	772,258	58,520	3,214,613	1,495,463	1,186,842	1,429,572	839,314
1897	511,899	51,710	775,838	1,874,663	831,398	5,343	555,081
1898	490,544	51,653	2,729,122	2,287,393	1,847,419	5,781,881	635,732
1899	500,232	53,272	2,136,142	1,967,680	1,613,679	2,852,863	752,343
1900	232,425	40,611	811,128	1,050,052	1,613,135	608	878,740
1901	560,434	33,091	1,754,701	2,586,544	1,704,817	38,619	728,055
1902	577,929	39,793	2,017,704	2,742,283	1,881,426	211,397	1,079,241
1903	958,199	49,332	2,957,635	2,614,181	3,063,821	2,783,625	748,137
1904	926,295	58,319	3,808,789	2,182,881	2,266,118	5,302,304	958,886
1905	667,323	63,666	3,485,956	728,041	1,420,503	4,205,315	621,298
1906	989,693	59,101	1,889,089	829,438	1,578,931	485,747	779,584
1907	1,126,376	54,390	2,333,472	2,026,544	2,235,206	552,660	848,293
1908	659,822	47,344	1,046,806	802,923	1,018,619	12,740	1,304,388
1909	672,247	69,121	1,843,403	1,273,005	1,620,631	2,177,644	76,757
1910	1,153,233	68,059	2,546,238	2,137,828	2,864,185	1,673,016	917,208
1911	776,417	62,721	4,905,089	1,383,053	2,016,231	3,326,327	662,892
1912	436,208	64,072	3,579,356	1,069,916	1,012,554	3,805,556	652,080
1913	736,262	63,244	3,713,812	1,042,510	1,695,000	4,997,989	549,483
1914	1,113,016	54,555	2,622,097	678,060	1,280,036	109,323	755,687

Exports of Cotton, Wool, Linseed, Rape Seed, Gingelly Seed, Wheat and Myrabollams from Bombay by Sea to Europe (including Port Said for orders) during the Calendar Years 1892 to 1943—continued.

Years.	Cotton.	Wool and Goat Hair.	Linseed.	Rape Seed.	Gingelly Seed.	Wheat.	Myrabollams.
	Bales.	Bales.	Cwts.	Cwts.	Cwts.	Cwts.	Cwts.
1915	403,322	82,456	1,603,837	543,494	150,068	1,593,092	601,144
1916	293,876	77,109	5,410,560	451,732	1,130,405	545,656	422,965
1917	358,378	84,151	2,630,619	321,811	639,091	4,636,634	408,692
1918	190,529	109,850	2,474,109	73,181	3,552	1,487,714	300,061
1919	337,043	63,938	2,689,540	396,514	331,022	126,416	538,022
1920	649,736	42,920	1,511,233	729,716	678,059	....	346,812
1921	503,215	36,931	524,442	165,908	264,842	....	419,329
1922	628,674	75,326	2,307,369	464,045	610,412	1,000	525,031
1923	980,710	51,734	3,043,144	786,356	156,675	419,046	389,198
Exports of Cotton Bombay,	*Wool, Linseed, Rape Seed, Gingelly Seed, Wheat and Myrabollams from Bombay by Sea to all Foreign Countries during the Years 1924 to 1943.*						
1924	2,520,053	75,992	2,990,141	881,200	468,157	547,985	888,994
1925	2,820,629	66,329	3,524,849	531,136	812,900	1,187,532	605,257
1926	2,257,802	46,347	1,585,096	77,894	72,752	138,592	719,078
1927	2,052,225	57,996	1,641,559	52,861	80,010	32,880	883,259
1928	2,563,221	71,769	1,828,077	189,435	471,740	68,162	641,162
1929	2,678,328	83,264	1,576,531	39,838	415,725	47,553	729,169
1930 .. .. †	2,755,604	41,532	2,110,422	13,354	19,708	32,857	732,974
1931	2,194,682	49,201	926,552	18,155	83,802	71,035	644,706
1932	924,302	33,474	491,481	39,023	248,126	26,236	592,374
1933	1,545,511	57,388	3,298,611	49,677	305,965	25,937	709,041
1934	1,713,319	41,329	3,229,879	69,178*	143,941	24,865	617,732
1935	1,633,888	48,036	1,222,517	43,854*	11,230	30,088	702,840
1936	2,153,096	34,789	3,329,916	52,145*	85,023	46,884	655,634
1937	1,779,985	38,033	2,086,453	53,742*	250,228	50,131	623,774
1938	1,535,838	33,350	3,334,933	46,674*	83,175	40,738	549,023
1939	1,619,859	51,477	2,593,561	42,988*	45,114	45,962	770,253
1940	1,368,584	17,626	2,063,025	96,737*	31,389	44,005	553,826
1941	704,383	32,253	2,291,457	34,227*	45,067	83,287	263,262
1942	280,316	16,711	2,619,082	16,731*	161,737	2,537	254,308
1943 .. .. †	205,336	9,619	494,101	13,295*	113,013	*A.*	101,126

* Inclusive of Mustard Seed. † Includes Cotton exported to Calcutta and Coast Ports.
A Exports of wheat not available

STATEMENT showing the Exports from Bombay by Sea of Indian Manufactured Cotton Piecegoods and Yarns since 1908.

Year ending 31st Dec.	Grey and White Piecegoods.			Coloured Piecegoods.		Total Piecegoods.			Yarns.	
	Packages	Yards.	Lbs.	Packages.	Yards.	Packages.	Yards.	Lbs.*	Bales.	Lbs.
1908	120,300	215,698,687	60,862,003	30,997	50,792,342	151,297	266,491,029	66,622,757	598,621	234,484,640
1909	141,920	252,992,500	70,093,139	39,326	66,751,717	181,246	319,744,217	79,936,054	636,329	252,460,745
1910	136,972	250,489,940	68,312,314	45,333	75,673,845	182,305	326,163,785	81,540,946	565,999	223,758,970
1911	122,601	224,438,698	63,524,949	54,000	89,411,376	176,601	313,850,074	78,462,518	403,214	158,582,640
1912	126,681	231,976,527	66,009,051	64,169	107,289,928	190,850	339,266,455	84,816,614	579,281	228,759,617
1913	97,005	177,239,570	50,527,978	55,071	92,467,657	152,076	269,707,227	67,426,807	518,230	205,207,962
1914	91,837	169,515,937	49,361,518	42,084	72,602,270	133,921	242,118,207	60,529,552	437,159	173,172,953
1915	108,956	199,968,079	58,350,926	61,045	103,038,333	170,001	303,006,412	75,751,603	471,395	186,585,698
1916	175,923	248,326,445	70,956,464	82,818	139,616,532	258,741	387,942,977	96,985,744	410,972	162,627,300
1917	111,845	176,934,869	46,119,953	86,909	148,290,803	198,754	325,225,672	81,306,418	373,187	147,167,250
1918	94,071	153,463,774	40,025,958	71,424	126,063,308	165,495	279,527,082	69,881,770	193,275	75,599,059
1919	132,112	219,343,388	56,536,165	116,313	202,286,577	248,425	421,629,965	105,407,491	372,212	146,832,081
1920	149,552	241,230,910	61,482,863	157,042	120,332,112	306,594	361,563,022	90,390,755	288,778	113,351,962
1921	120,739	212,563,435	53,577,720	99,518	159,572,347	220,257	372,135,782	93,033,945	314,330	124,310,163
1922	138,769	254,292,354	65,928,239	100,581	176,411,422	239,350	430,703,776	107,675,944	267,711	105,122,885
1923	173,381	304,497,408	69,452,982	110,243	180,990,710	283,624	485,488,118	121,372,029	215,036	83,657,151
1924	177,950	320,087,971	75,657,413	103,999	169,055,231	281,949	489,143,202	122,285,800	175,175	67,861,329
1925	133,458	233,217,232	55,688,235	96,447	158,069,128	229,905	391,286,360	97,821,590	176,210	67,892,155
1926	119,331	210,752,239	50,243,116	112,795	180,075,412	232,126	390,827,651	97,706,912	175,869	67,786,883
1927	130,963	229,773,883	55,215,566	118,474	196,438,974	249,437	426,212,857	106,553,214	156,999	60,555,498
1928	100,699	177,282,508	34,777,044	97,936	157,677,505	198,635	334,960,013	83,740,003	102,954	40,816,700
1929	106,748	193,179,168	38,635,833	82,351	147,586,666	189,099	340,765,834	85,191,458	125,577	54,361,428
1930	136,281	241,220,836	48,964,399	75,555	122,465,715	211,836	363,686,551	90,921,637	126,006	50,490,540
1931	192,578	342,654,885	68,686,328	80,346	127,129,785	272,924	469,784,670	117,446,167	142,236	65,666,253
1932	294,483	794,303,908	106,795,020	72,177	108,236,606	366,660	902,540,514	225,635,128	122,156	46,294,310
1933	209,259	390,535,659	78,065,873	58,052	87,899,698	267,311	478,435,357	119,608,839	112,059	43,557,629
1934	229,024	414,324,303	86,762,142	65,728	94,046,841	294,752	508,371,144	127,092,786	94,853	37,126,195
1935	216,300	383,877,416	76,775,483	55,416	81,771,947	271,716	465,649,363	116,412,340	88,088	34,666,637
1936	243,834	442,916,172	88,583,234	58,167	84,883,124	302,001	527,799,296	131,949,824	80,995	31,337,340
1937	263,665	406,706,851	81,341,332	98,229	105,542,821	361,894	512,249,672	128,062,418	99,726	33,158,260
1938	222,819	497,943,219	99,588,644	68,733	90,598,779	291,552	588,541,998	147,135,499	133,719	53,845,533
1939	214,894	402,959,694	80,591,939	74,921	89,945,061	289,815	492,904,755	123,226,189	101,524	39,757,666
1940	201,513	302,405,778	60,481,156	115,362	160,859,627	316,875	463,265,405	115,816,351	94,721	35,675,019
1941	296,697	419,784,283	83,956,857	226,989	324,513,230	523,686	744,297,513	186,074,378	158,184	61,449,881
1942	390,241	552,134,680	110,426,936	290,590	417,484,050	680,831	969,618,730	242,404,682	150,350	55,111,582
1943	304,381	431,793,523	86,358,704	139,402	191,003,543	443,783	622,797,066	155,699,266	50,543	18,203,572

* The weights have been arrived at by dividing the length in yards by 4.00 the average weight of the Grey and Bleached Cloth.

COAL.

Imports of Coal into Bombay by Sea and Rail.

The following return of the Imports of Coal into Bombay by Sea and Rail in the years 1937 to 1943 is printed for the information of members :—

From	1937.	1938.	1939.	1940.	1941.	1942.	1943.
By Sea.	Tons.	Tons.	Tons.	Tons	Tons.	Tons.	Tons.
Europe	14,240	9,611	200	1,422	400	..	..
Australia	2,751	..	..	..	..	..	..
Japan	469	98	..	..	..	..	..
Africa	8,643	14,552	17,006	410	1,090	5,850	..
Other Foreign Countries	..	..	285	45	..	..	..
Indian Ports	215,058	341,951	412,053	41,942	3,495	35,605	33,322
Total—By Sea ..	241,161	366,212	429,544	43,819	4,985	41,455	33,322
Total—By Rail ..	130,113	167,845	232,294	623,446	*774,069	*768,984	*610,359
Grand Total ..	371,274	534,057	661,838	667,265	*779,054	*810,439	*643,681

*Arrivals over the Bombay Port Trust Railway are not included.

WHEAT.

The total area reported for the season 1942-43 was 34,057,000 acres as against 33,914,000 acres the previous year, or an increase of 143,000 acres or 0.4 per cent. The total yield of the crop was estimated at 10,938,000 tons as compared with 9,990,000 tons the previous year or an increase of 948,000 tons or 9.5 per cent.

The following figures show the total Acreage and Outturn of Wheat in each official year from 1892-93 to 1942-43 :—

Years	Area (in thousand Acres).	Outturn (in thousand Tons).
1892-93	27,759	7,649
1893-94	28,717	7,269
1894-95	28,422	6,999
1895-96	24,071	5,380
1896-97	20,580	5,363
1897-98	24,538	7,208
1898-99	25,370	6,838

WHEAT STATISTICS—*contd.*

Years	Area (in thousand Acres).	Outturn (in thousand Tons).
1899-1900	18,688	5,357
1900-01	23,868	7,094
1901-02	23,446	6,091
1902-03	23,433	7,971
1903-04	28,413	9,641
1904-05	28,470	7,582
1905-06	26,296	8,579
1906-07	28,536	8,159
1907-08	22,806	6,104
1908-09	26,068	7,598
1909-10	28,018	9,591
1910-11	30,490	10,041
1911-12	31,141	9,925
1912-13	29,524	9,715
1913-14	28,475	8,358
1914-15	32,475	10,091
1915-16	30,320	8,652
1916-17	32,940	10,234
1917-18	35,487	9,922
1918-19	23,798	7,508
1919-20	29,949	10,122
1920-21	25,783	6,706
1921-22	28,207	9,830
1922-23	30,844	9,982
1923-24	31,181	9,660
1924-25	31,774	8,866
1925-26	30,471	8,696
1926-27	31,303	8,973
1927-28	32,193	7,791
1928-29	31,973	8,591
1929-30	31,654	10,469
1930-31	32,189	9,305
1931-32	33,803	9,024
1932-33	32,970	9,449
1933-34	35,992	9,414
1934-35	34,490	9,728
1935-36	33,639	9,420
1936-37	33,215	9,752
1937-38	35,640	10,764
1938-39	35,441	9,963
1939-40	34,009	10,767
1940-41	34,849	10,027
1941-42	33,914	9,990
1942-43*	34,057	10,938

*Subject to revision.

Estimate of the Wheat Crop of the Season 1942-43. Share of each Province and State of Area and Yield for 1941-42 and 1942-43. (000's omitted).

Provinces and States.	Area (in Acres).			Yield (in Tons).			Increase or Decrease in the Current year over (Per cent.)				Yield per Acre. (Lbs.)	
							Area.		Yield.			
	Current Year 1942-43.	Previous Year 1941-42.	Average of preceding 5 years.	Current Year 1942-43.	Previous Year 1941-42.	Average of preceding 5 years.	Previous Year 1941-42.	Average of preceding 5 years.	Previous Year 1941-42.	Average of preceding 5 years.	1942-43.	1941-42.
British Provinces.												
Punjab	10,284	9,883	9,664	4,056	3,830	3,491	+ 4.1	+ 6.4	+ 5.9	+16.2	883	868
United Provinces	7,573	7,873	8,031	2,697	2,571	2,820	— 3.8	— 5.7	+ 4.9	— 4.4	798	731
Central Provinces and Berar	2,565	2,851	3,243	513	390	627	—10.0	—20.9	+31.5	—18.2	448	306
Bombay	1,300	1,564	1,757	215	245	312	—16.9	—26.0	—12.2	—31.1	370	351
Sind	1,333	1,192	1,147	444	368	339	+11.8	+16.2	+20.7	+31.0	746	691
Bihar	1,280	1,300	1,111	581	485	416	— 1.5	+15.2	+19.8	+39.7	1,017	836
North West Frontier Province	1,114	1,068	1,019	273	263	254	+ 4.3	+ 9.3	+ 3.8	+ 7.5	549	552
Bengal	179	170	166	53	39	43	+ 5.3	+ 7.8	+35.9	+23.3	663	514
Delhi	50	45	47	12	11	17	+11.1	+ 6.4	+ 9.1	+29.4	538	548
Ajmer Merwara	23	15	16	7	5	5	+53.3	+43.7	+40.0	+40.0	682	747
Orissa	4	4	4	1	1	1	..	..	..	..	560	560
Total British Provinces.	25,705	25,965	26,205	8,852	8,208	8,325	— 1.0	— 1.9	+ 7.8	+ 6.3	771	708
Indian States.												
Punjab States	1,737	1,616	1,497	649	520	479	+ 7.5	+16.0	+24.8	+35.5	837	721
United Provinces State (Rampur)	149	126	113	45	37	32	+18.3	+31.9	+21.6	+40.6	676	658
Eastern Agency States	71	74	76	11	12	13	— 4.1	— 6.6	— 8.3	—15.4	347	363
Bombay States	364	365	395	105	95	106	— 0.3	— 7.8	+10.5	— 0.9	646	583
Sind State (Khairpur)	125	97	97	40	29	30	+28.9	+28.9	+37.9	+33.3	717	670
Central India States	2,034	1,945	2,164	333	288	379	+ 4.6	— 6.0	+15.6	—12.1	367	332
Gwalior State	1,329	1,321	1,531	319	309	364	+ 0.6	—13.2	+ 3.2	—12.4	538	524
Rajputana State	1,495	1,239	1,302	404	332	359	+20.7	+14.8	+21.7	+12.5	605	600
Hyderabad State	964	1,094	1,217	138	131	171	—11.9	—20.8	+ 5.3	—19.3	321	268
Baroda State	81	69	84	41	29	28	+17.4	— 3.6	+41.4	+78.3	1,134	941
Mysore State	3	3	3	1	(b)	1	..	..	..	..	747	373
Total Indian States.	8,352	7,949	8,479	2,086	1,782	1,957	+ 5.1	— 1.5	+17.1	+ 6.6	559	502
Grand Total	34,057	33,914	34,684	10,938	9,990	10,282	+ 0.4	— 1.8	+ 9.5	+ 6.4	719	660

(b) 500 tons.

COTTON 1942-43.

The preliminary Government forecast issued at the end of August 1942 and relating to about 60 per cent. of the total cotton area indicated an acreage of 11,089,000 acres as compared with 12,475,000 acres at the corrseponding time the year previous, a decrease of 11 per cent.

The final estimate issued in a supplementary memorandum at the end of April 1943 for the whole of India was 18,812,000 acres as compared with 24,151,000 acres (revised) for the season 1941-42, a decrease of 22 per cent.

Government estimated the final yield at 4,554,000 bales as compared with 6,127,000 bales (revised) for the season 1941-42, a decrease of 26 per cent. Private estimates based on actual pressings plus loose offtake were higher by about 7 lakhs bales.

The very substantial reduction in acreage and yield was mainly due to the "Grow More Food" campaign started by Government advising farmers to plant less cotton and to grow more food. Owing to the loss of practically all the export markets for cotton on account of war conditions and the country's ever increasing need for food grains, it was but proper to restrict cotton production as much as possible and to make over the land released from cotton to the cultivation of food crops. In this move the Government met with a large measure of success because the cultivators from their experience of season 1941-42 had themselves realised that it was not a paying proposition to grow too much cotton, especially short staple cotton for which there is no demand at present.

The following figures show the movement of cotton through Bombay during the season 1942-43 :

	Bales
Stocks on 1st September 1942, including mill stocks as estimated by the East India Cotton Association, Ltd.	1,053,508
Arrivals by rail and sea during the year ending 31st August 1943	2,055,471
Arrivals by Road as estimated by the East India Cotton Association, Ltd.	30,549
	3,139,528

		Bales
Exports during the year ending 31st August 1943 :		
• Indian Ports	95,353	
Foreign Countries	63,587	
		158,940
By rail up-country, estimated		389,284
		548,224
Bombay mill consumption		1,484,462
		2,032,686
*Estimated carry-over on 31st August 1943 ..		1,106,842
		3,139,528

The year opened with a deadlock owing to the arrest of the Congress leaders. The trading Ring remained officially open but no actual trading took place inside the trading hall from 8th August 1942 to 7th December 1942. But some private trading was going on outside the Ring.

By the end of September 1942 rates advanced from Rs. 318 to Rs. 335 for Fine Jarilla Cotton January delivery. Demand continued to be good in the spot market for desirable qualities of the previous season's crop which were not freely available and by the end of October there was a further improvement in prices. Some private trading was reported outside the Ring around Rs. 400 per candy for the Indian Cotton Contract, January delivery. After a mild setback in prices and in the wake of the steady advance in the price of Gold and Silver, the Indian Cotton Contract was quoted on the 8th of November at Rs. 411. Arrivals in the up-country markets increased. This led to a decline in Bombay and the price of the January contract touched Rs. 370 on the 16th November. The volume of business in private trading outside the Ring was by now gradually increasing and the Indian Cotton Contract January delivery was quoted around Rs. 419—on 1st of December.

For the first time after the arrest of the Congress leaders, trading was resumed in the Ring on the 7th of December when the Indian Cotton Contract January delivery opened at Rs. 399 and after declining to Rs. 394½ on the same day the market became very firm. At this stage news of a small crop in India caused a wave of heavy buying which carried the price to Rs. 445. Subsequently

*The East India Cotton Association, Ltd. estimated the stock on 31st August 1943 as 1,171,834 bales.

the market was adversely affected by the reports of Japanese air raids on Calcutta and the Contract declined to Rs. 390. From this level the market made a partial recovery and the January contract closed on 31st December 1942 at Rs. 421. The contract finally ran out on 25th January 1943 at Rs. 419 fixed by the Board.

Better war news from all fronts and other favourable factors at the beginning of February gave confidence to most markets and the March contract advanced to Rs. 440 on the 8th of February. Mahatma Gandhi started his fast about this time, and trading in the Ring ceased till 22nd February though the market was officially open and from 23rd February till the 3rd of March the market was officially closed. Private business was reported during this period for the Indian Cotton Contract March delivery around Rs. 490. During the first half of March there was a substantial advance in the prices partly due to good demand in the spot market by consumers. The scarcity of desirable staple varieties was also felt and restrictions as regards imports of foreign growths created additional cause for higher prices. The price of Yarn and Cloth also advanced to a very high level. These causes combined with the inflated currency and heavy speculation pushed up the price and the Cotton Contract May delivery was quoted on 13th March at Rs. 630.

Considering the fact that the price of Yarn and Cloth had already risen by 400 to 500 per cent. over the pre-war level, the belated rise in the price of cotton could by no means be taken as excessive. The Government of India which for a long time did nothing to counteract the very inflationary trend of the Yarn and Cloth markets got alarmed when the price of the Indian Cotton Contract went above Rs. 600 per candy and the Hon'ble Finance Member administered a stern warning to cotton traders in Bombay that if speculation in cotton was not stopped steps might be taken to stop trading in Futures contracts for next season's crop. This warning had, though temporarily, a salutary effect on the speculative element in the Bombay market. As a result of heavy long liquidation and hedge selling there was a precipitate decline in the price of the Indian Cotton Contract. The May Futures which were traded as high as Rs. 630 on 13th March declined steeply to Rs. 515 which was touched on 29th March 1943. Although the Hon'ble Finance Member's speech succeeded for the time being in bringing down the price of the Futures contract, it had very little effect on the price of ready cotton which continued to rule high because of the very high prices ruling for Yarn and Cloth and the ability of Indian mills to pay current prices for their requirements of the raw material. The Futures market after acting rather nervously for some time made a gradual recovery and by the beginning of May 1943 the Indian Cotton Contract July delivery was again traded at Rs. 600.

The Government Gazette of Friday the 30th April 1943 contained an order prohibiting trading in cotton options and also all forward trading in new crop cotton, i.e., in cotton to be grown in 1943-44 season. The Government of India at this time were pre-occupied with their "Grow More Food" campaign and as the time for the planting of the various crops was fast approaching they had to guard themselves against any possible increase in cotton acreage at the expense of food crops. Government saw in the sensational rise in the price of cotton at this particular juncture a strong temptation to the cotton grower to put more land under cotton than he did in 1941-42. The fact that such an extreme measure was taken showed the seriousness with which the Government of India viewed the food supply situation in the country. The Government order having prohibited forward trading only in new crop, the May and July positions of the old crop contracts, which would only run out on 25th May and 25th July 1943 respectively, were still open for trading. But Government were closely watching the price fluctuations in these two contracts as they did not want any undue rise to take place in their prices on account of the nearness of the cotton planting season. The speculative element in the Bombay market could not however be kept in check very long. As a result of a sudden wave of buying, mostly of a speculative nature, the July Contract which for some time was fluctuating between Rs. 585 and Rs. 615 shot up to Rs. 672 on 17th May, a rise of about Rs. 60 per candy having taken place within two days. If Government's "Grow More Food" campaign was not to be jeopardised and the various measures already taken by them to prevent an increase in cotton acreage for 1943-44 were not to be rendered ineffective by a spectacular rise in the price of the contracts on the eve of the planting season, they had to act without delay. The action which Government took on 18th May 1943 was to close down both the May and July hedge contracts. Traders were given two days time by which to settle their open contracts. Such of the May and July contracts which still remained open after 20th May were ordered to be closed at Rs. 565 and Rs. 568 respectively being the rates fixed by Government for the purpose of settlement. No further business in hedge contracts took place for the rest of the season.

In the absence of hedging facilities there was a tendency on the part of holders to sell their cotton and the prices in the spot market declined. On the 1st of June, Mr. M. S. A. Hydari, Secretary to the Government of India, Department of Industries and Civil Supplies, in his speech at the Textile Control Board said that the Government would requisition cotton, if necessary, at prices above which they recommended mills not to buy. The uncertainty in the spot market continued till the last week of June when buying by mills stabilised prices to some extent,

particularly for qualities of which there was a limited supply. Difficulties regarding obtaining licences for import of foreign cotton also helped the spot market. This steadiness of the spot market did not however last long because by the middle of July, when spot demand was poor and without normal hedging facilities, holders of cotton on consignment basis through lack of margin money from up-country clients were faced with the necessity to make forced sales. The decline in the spot market continued unchecked and by the 10th of August prices had declined by about Rs. 150 per candy. To prevent this decline from going further, the Bombay Cotton Merchants' and Muccadams' Association on 11th August fixed minimum rates and recommended very strongly to their members not to make any sales of Indian cotton below these rates. This recommendation steadied prices to a certain extent, as distress selling was stopped. The ceiling prices announced for 12 standard varieties of cloth and yarn by the Textile Control Board were considered favourable by the mills and this also helped to steady the prices of spot cotton, and by the end of August the market had improved by about Rs. 50 per candy from the lowest rates on 10th August 1943.

The following table gives details of arrivals into Bombay by Sea and Rail (arrivals by Road are not included) during the season with the total of the five previous years. (Actual weight converted into Bales of 3½ cwts. in each, after allowing 2 per cent. for tare in the case of receipts by rail.) Season ending 31st August in each case :—

Varieties.	1942-43.	1941-42.	1940-41.	1939-40.	1938-39.	1937-38.
	Bales.	Bales.	Bales.	Bales.	Bales.	Bales.
Khandeish	117,165	88,592	100,995	55,644	38,888	53,986
Central India	55,637	31,284	149,983	109,361	225,421	53,231
Barsi Nugger	42,142	55,617	125,098	114,118	96,307	150,436
Hyderabad Gaorani	21,369	19,245	50,854	48,009	4,474	40,380
Berar	207,968	179,814	386,742	318,618	163,102	335,987
Central Provinces	34,409	87,565	78,308	76,962	40,080	87,123
Dhollera	36,897	34,832	102,458	89,297	278,134	160,279
North-west Provinces	1,377	1,425	2,049	26,079	10,893	3,112
Rajputana	44	470	6,778	35,228	82,019	16,929
Sind Punjab	779,428	448,957	578,393	387,570	340,866	528,924
Broach	126,986	321,774	299,943	409,044	415,085	267,780
Compta-Dharwars	89,597	54,332	155,178	53,357	155,706	86,276
Westerns/Northerns	23,082	48,003	113,567	38,178	99,914	30,522
Cocanada	....	....	239	86	98	23
Tinnevelly and Cambodia	15,587	21,873	16,998	1,412	2,677	9,639
Soudan	37,405	144,401	175,296	71,839	66,471	68,000
Americans	....	....	2,160	105,532	3,487	178,188
Egyptians	330,716	117,329	195,525	108,273	91,869	139,314
Africans, East	134,578	236,871	295,292	196,543	238,889	341,809
Comilla, Burmah and other Sorts ..	* 1,084	† 11,426	‡ 1,087	§ 2,807	¶ 267	‖ 1,240
Total ..	2,055,471	1,963,810	2,836,943	2,247,957	2,354,647	2,553,178

* Including 507 bales from Shalimar.
† Including 51 bales from Iran, 825 bales from Iraq and 698 bales from Shalimar.
‡ Consisting of 311 bales of Burmah and 776 bales of Shalimar cotton.
§ Consisting of 357 bales of Calcutta and Shalimar cotton, 2,420 bales of Iraq and 30 bales of Aden cotton.
¶ Consisting of 3 bales of Burmah, 4 bales of China and 260 bales of Calcutta cotton.
‖ Consisting of 1,107 bales of Burmah, 69 bales of Calcutta, 52 bales of Turkistan cotton and 12 bales of Persians.

COTTON.

RECEIPTS at, and Exports from, Bombay Port, also Mill Consumption in the Island of Bombay, since 1864.

In thousands of Bales (000's omitted).

Year ending 30th June.	Receipts.	Exports to			Mill Consumption.	Total.
		Europe.	Elsewhere.	Total.		
1864 ..	..	867	3	870	American War. In 1863 and 1864 Bombay imported Cotton from China.	
1865 ..	..	1,065	1	1,066		
1866 ..	..	1,187	14	1,201	42	1,243
1867 ..	..	1,277	5	1,282	46	1,328
1868 ..	..	1,030	48	1,078	47	1,125
1869 ..	..	1,225	56	1,281	48	1,329
1870 ..	..	1,115	50	1,165	49	1,214
1871 ..	..	967	39	1,006	50	1,056
1872 ..	1,085	1,002	48	1,050	52	1,102
1873 ..	1,151	1,079	34	1,113	53	1,166
1874 ..	978	917	34	951	67	1,018
1875 ..	1,311	1,192	25	1,217	83	1,300
1876 ..	1,345	1,285	20	1,305	135	1,440
1877 ..	1,073	980	35	1,015	147	1,162
1878 ..	1,141	920	38	958	161	1,119
1879 ..	961	800	46	846	204	1,050
1880 ..	832	652	64	716	181	897
1881 ..	1,171	874	34	908	220	1,128
1882 ..	1,832	1,521	87	1,608	277	1,885
1883 ..	1,770	1,335	95	1,430	313	1,743
1884 ..	1,759	1,295	100	1,395	348	1,743
1885 ..	1,139	791	70	861	392	1,253
1886 ..	1,480	1,009	61	1,070	391	1,461
1887 ..	1,703	1,147	40	1,187	454	1,641

Year ending 30th June.	Receipts.	Exports to			Mill Consumption.	Total.
		Europe.	Elsewhere.	Total.		
1888 ..	1,472	893	58	951	500	1,451
1889 ..	1,851	1,286	46	1,332	565	1,897
1890 ..	2,235	1,488	71	1,559	636	2,195
1891 ..	2,020	1,070	107	1,177	762	1,939
1892 ..	1,770	905	202	1,107	728	1,835
1893 ..	1,738	816	169	985	724	1,709
1894 ..	1,769	908	159	1,067	731	1,798
1895 ..	1,540	525	143	668	815	1,483
1896 ..	2,151	800	346	1,146	849	1,995
1897 ..	1,612	603	405	1,008	703	1,711
1898 ..	1,730	424	409	833	817	1,650
1899 ..	2,033	578	520	1,098	951	2,049
1900 ..	988	117	444	561	745	1,306
1901 ..	1,896	620	340	960	696	1,656
1902 ..	2,142	525	732	1,257	987	2,244
1903 ..	2,454	921	349	1,270	986	2,256
1904 ..	2,151	1,036	423	1,459	973	2,432
1905 ..	2,609	384	664	1,048	1,072	2,120
1906 ..	2,663	1,017	477	1,494	1,141	2,635
1907 ..	2,949	1,169	747	1,916	1,116	3,032
1908 ..	2,123	731	454	1,185	1,079	2,264
1909 ..	2,166	643	723	1,366	1,099	2,465
1910 ..	3,152	1,054	968	2,022	984	3,006
1911 ..	2,467	1,014	668	1,682	953	2,635
1912 ..	2,540	383	923	1,306	1,078	2,384

COTTON.

RECEIPTS at, and Exports from, Bombay Port, also Mill Consumption in the Island of Bombay, *since 1864*
In thousands of Bales (000's omitted). *—contd.*

Year ending 31st August.	Receipts.		Total Receipts.	Exports.			Total Exports.	Mill Consumption.	Total.
	India.	Foreign Countries		Europe.	China and Japan.	Elsewhere.			
1913	2,733	46	2,779	534	1,023	30	1,587	*1,072	2,659
1914	3,733	6	3,739	1,301	1,245	24	2,570	1,078	3,648
1915	2,683	5	2,688	405	1,441	15	1,861	1,026	2,887
1916	3,133	6	3,139	294	1,691	8	1,993	1,096	3,089
1917	3,103	17	3,120	302	1,321	7	1,630	1,136	2,765
1918	2,279	27	2,306	293	1,213	7	1,513	1,068	2,581
1919	2,525	18	2,543	195	885	11	1,091	1,000	2,091
1920	3,405	22	3,427	629	1,579	24	2,232	957	3,189
1921	2,786	116	2,902	494	1,381	26	1,901	1,061	2,962
1922	3,383	109	3,492	645	1,896	52	2,593	1,074	3,667
1923	3,611	61	3,672	851	2,086	53	2,990	1,060	4,050
1924	3,227	93	3,320	1,104	1,558	53	2,715	821	3,536
1925	3,573	95	3,668	713	2,021	33	2,767	995	3,762
1926	3,208	127	3,335	552	1,874	26	2,452	778	3,230
1927	2,692	474	3,166	419	1,539	27	1,985	995	2,980
1928	3,235	189	3,424	798	1,391	34	2,223	569	2,792
1929	3,233	123	3,356	906	1,796	61	2,763	631	3,394
1930	3,317	163	3,480	946	1,647	63	2,656	877	3,533
1931	2,933	470	3,403	599	1,903	27	2,529	839	3,368
1932	1,557	538	2,095	154	762	38	954	921	1,875
1933	2,286	249	2,535	426	1,200	30	1,656	798	2,454
1934	2,293	223	2,516	396	1,136	23	1,555	613	2,168
1935	2,031	471	2,502	413	1,171	34	1,618	885	2,503
1936	2,877	293	3,170	516	1,464	34	2,014	836	2,850
1937	2,643	486	3,129	487	1,591	53	2,131	828	2,959
1938	1,825	728	2,553	354	803	64	1,221	1,037	2,258
1939	1,953	401	2,354	138	865	21	1,024	987	2,011
1940	1,763	485	2,248	284	937	62	1,283	813	2,096
1941	2,167	670	2,837	97	907	44	1,048	1,148	2,196
1942	1,394	570	1,964	213	32	123	368	1,310	1,678
1943	1,551	504	2,055	..	..	..	159	1,484	1,643

N.B.—As noted in the Chamber's Report for 1913, the figures shown above represent the volume of trade in cotton from 1st September to 31st August instead of for the year ending 30th June as was previously the case.

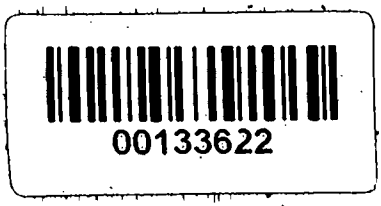
*Year ending 30th June.

RAINFALL AT BOMBAY, 1843 TO 1943.

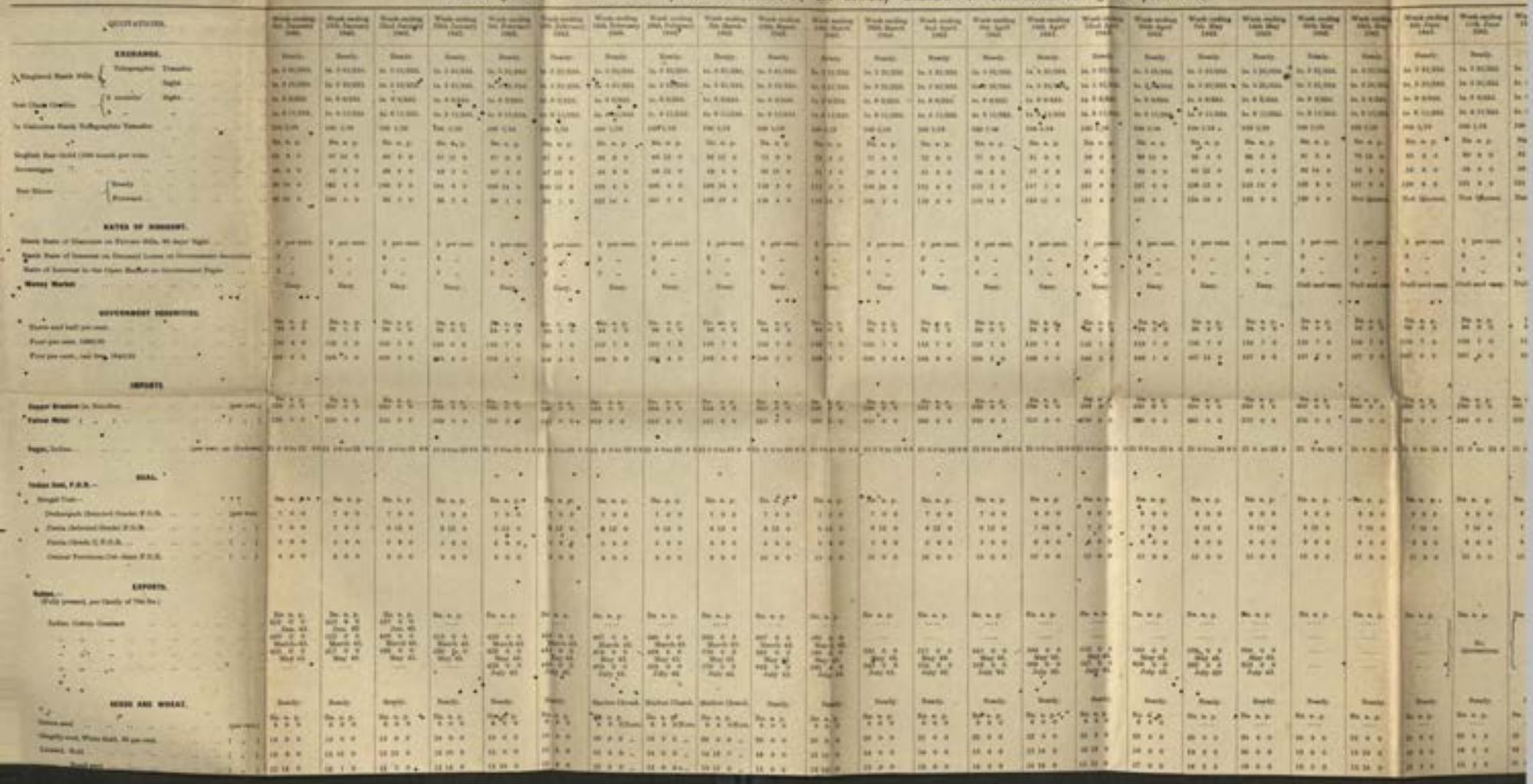
The following statement showing the Rainfall recorded at the Colaba Observatory, Bombay, for each month during the years 1843-1943, is published for the information of members :—

Year.	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Annual Total.
1843 ..	..	..	..	..	0.15	7.61	20.62	17.70	8.39	0.77	..	..	55.24
1844 ..	0.06	0.33	..	..	..	18.58	29.28	5.91	8.05	0.40	..	0.10	62.71
1845 ..	..	..	..	..	..	17.88	18.07	9.54	8.63	..	..	..	54.12
1846 ..	..	..	..	..	..	26.41	33.19	6.65	6.65	1.03	..	..	73.93
1847 ..	0.09	0.02	..	0.31	1.40	37.56	16.46	8.68	5.68	0.28	5.53	..	76.01
1848 ..	..	..	..	0.59	5.67	39.98	13.90	7.37	2.32	5.84	0.19	..	75.86
1849 ..	0.34	..	..	..	..	23.41	50.99	12.66	26.13	0.75	0.61	..	114.89
1850 ..	..	..	..	..	..	14.80	20.15	5.39	4.77	4.89	0.25	..	50.25
1851 ..	..	..	..	..	0.52	24.50	47.02	20.03	3.89	0.04	0.07	..	96.07
1852 ..	..	..	0.01	..	0.30	21.76	22.17	11.16	12.67	0.19	..	1.01	69.27
1853 ..	..	0.05	0.02	..	..	33.76	13.05	5.95	9.83	..	..	..	62.66
1854 ..	..	..	..	..	..	16.34	38.95	3.90	13.61	7.49	1.85	..	82.14
1855 ..	..	..	..	..	..	29.18	11.83	3.82	5.29	9.06	..	..	50.18
1856 ..	..	..	..	..	2.09	24.66	24.48	6.73	7.78	0.06	..	0.12	65.92
1857 ..	..	..	..	..	0.57	9.26	8.74	15.71	14.21	2.78	..	..	51.27
1858 ..	..	..	..	0.15	1.57	14.44	20.12	7.48	15.47	3.22	..	..	62.45
1859 ..	..	..	..	..	..	26.87	28.70	14.59	5.94	1.06	..	..	77.16
1860 ..	..	..	..	..	0.03	21.97	22.39	7.11	8.15	2.50	..	..	62.15
1861 ..	..	..	..	..	0.69	15.43	25.34	30.35	3.24	1.86	..	..	76.91
1862 ..	..	..	..	..	0.01	22.31	15.10	12.65	21.69	1.42	0.45	..	73.63
1863 ..	0.41	..	..	0.11	0.07	23.41	30.78	10.60	9.98	2.32	..	..	77.68
1864 ..	..	..	..	..	0.01	15.42	13.36	10 72	5.59	..	0.47	..	45.57
1865 ..	0.38	..	..	..	..	10.61	18.28	36.42	4.86	6.16	1.14	..	77.85
1866 ..	..	0.11	..	..	..	13.47	40.34	20.34	3.44	0.74	..	..	78.44
1867 ..	..	..	..	..	..	8.70	39.39	12.21	6.80	5.07	0.13	..	72.30
1868 ..	..	..	0.01	..	..	13.52	20.43	20.29	7.71	0.14	0.02	..	62.12
1869 ..	..	..	..	..	0.03	26.22	23.89	15.24	22.56	3.55	0.05	0.12	91.66
1870 ..	..	..	0.03	0.02	..	21.73	26.43	6.27	7.08	4.65	..	..	66.21
1871 ..	2.22	..	..	..	1.25	8.91	9.96	8.95	6.01	0.25	2.97	0.06	40.58
1872 ..	..	..	..	..	0.06	24.43	24.84	9.49	16.59	1.07	..	..	76.48
1873 ..	..	0.05	..	..	0.51	20.36	16.98	23 96	7.77	0.07	..	..	69.70
1874 ..	..	..	..	..	0.05	18.68	41.24	11.14	11.05	0.02	..	..	82.18
1875 ..	0.47	..	..	..	..	24.36	15.39	12.23	31.76	..	0.35	..	84.56
1876 ..	..	..	..	..	0.01	12.97	23.69	8.66	4.68	..	..	..	50.01
1877 ..	0.22	0.52	..	..	..	35.58	11.10	8.51	8.89	8.33	..	..	73.15
1878 ..	0.03	..	..	0.02	0.02	19.99	48.33	20.46	16.42	4.89	2.61	..	112.77
1879 ..	..	..	0.03	..	5.23	16.56	11.21	22.36	5.61	0.40	..	..	61.40
1880 ..	..	0.01	0.02	..	..	21.48	18.37	4.08	22.80	1.18	..	..	67.94
1881 ..	..	..	0.04	..	0.36	15.29	29.47	19.06	4.56	4.17	0.09	..	73.04
1882 ..	..	0.04	0.02	0.08	0.02	27.54	26.94	3.36	10.08	1.12	0.63	..	69.23
1883 ..	0.12	..	..	..	0.33	13.65	39.88	12.57	12.37	10.40	0.86	..	90.18
1884 ..	0.03	..	..	..	..	13.25	25.87	15.29	17.04	2.22	0.60	1.14	75.44
1885 ..	..	..	..	..	0.02	5.11	21.81	25.42	12.01	3.54	..	..	67.91
1886 ..	..	..	..	0.01	0.96	43.45	35.79	10.69	6.54	1.69	0.61	..	99.74
1887 ..	..	..	..	0.02	0.09	24.07	30.98	17.59	18.23	2.79	1.02	0.16	94.95
1888 ..	1.85	0.02	0.10	..	..	15.76	22.47	11.43	4.92	0.11	1.16	..	57.82
1889 ..	..	..	..	..	0.67	19.89	30.45	10.32	2.71	3.80	..	..	67.84
1890 ..	..	..	..	0.01	0.06	24.55	21.54	10.61	6.45	0.58	1.25	1.13	66.18
1891 ..	..	..	0.22	..	..	13.99	32.48	6.94	22.53	1.04	..	..	77.20
1892 ..	..	..	..	..	0.11	13.30	23.86	36.56	18.73	1.89	0.67	..	95.12
1893 ..	..	0.14	..	0.02	6.30	21.47	16.14	13.55	7.54	0.49	1.63	..	67.24
1894 ..	0.22	..	0.06	0.01	..	16.87	26.16	8.40	12.04	3.08	..	0.01	66.85
1895 ..	..	0.07	..	..	0.08	17.84	18.04	15.97	11.91	3.62	0.06	..	67.59
1896 ..	..	..	..	..	0.26	28.02	36.44	20.77	1.62	0.01	0.53	..	87.65
1897 ..	0.01	..	..	..	..	14.40	30.19	13.82	20.60	2.51	0.22	..	81.75
1898 ..	..	0.17	..	..	0.16	27.21	20.72	5.28	19.94	0.48	0.13	..	74.09
1899 ..	..	..	..	1.57	0.08	20.81	4.72	5.23	3.49	..	..	..	35.90
1900 ..	..	..	..	..	..	18.26	25.75	17.62	7.49	..	..	..	69.12
1901 ..	0.74	..	..	0.04	0.01	25.36	32.70	14.27	1.81	0.39	..	..	75.32

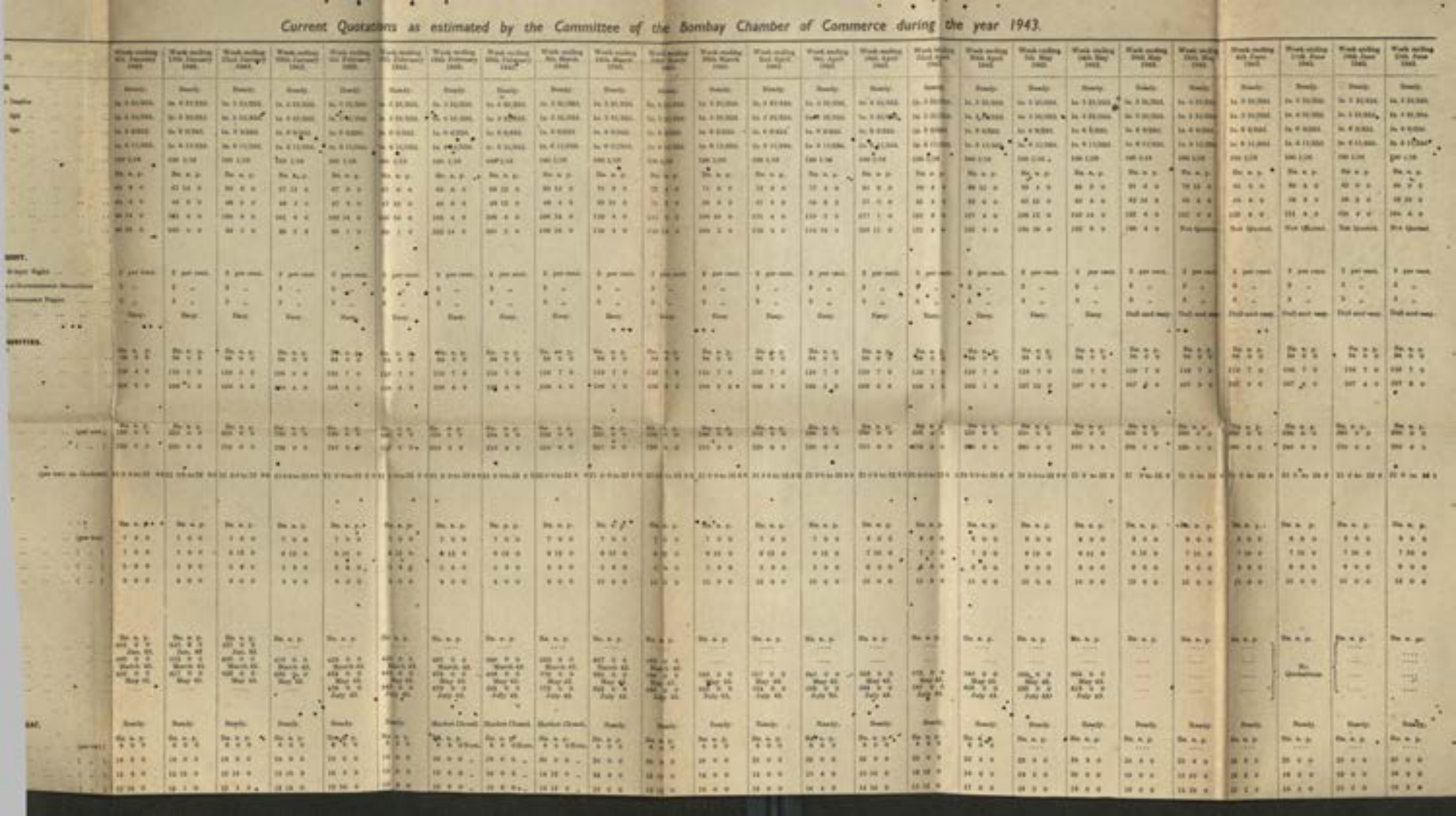
Year.	January.	Febfuary.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Annual Total.
1902	..	..	..	..	..	..	9.77	16.96	16.53	27.11	0.78	0.01	81	71.99
1903	..	..	..	0.17	..	7.79	19.75	24.82	18.23	7.82	5.91	..	..	84.42
1904	..	..	..	0.07	..	0.02	15.10	10.14	5.72	1.81	0.56	..	..	33.42
1905	..	..	0.08	..	..	..	6.53	15.30	4.35	6.16	0.20	1.04	..	33.56
1906	..	..	0.15	..	..	..	12.91	18.34	20.92	3.98	..	..	..	56.30
1907	..	..	0.27	..	0.06	..	22.48	59.05	15.99	2.26	0.67	..	..	100.73
1908	..	0.09	0.07	0.06	..	..	12.39	23.65	9.87	6.79	0.62	..	..	53.54
1909	..	..	..	..	..	..	16.60	30.05	8.52	16.05	..	..	..	71.22
1910	..	..	..	..	..	0.03	23.50	6.50	18.15	15.25	4.29	0.14	..	57.86
1911	..	0.06	..	..	..	0.04	10.85	15.24	17.09	2.96	..	0.27	..	46.51
1912	..	..	..	..	..	0.43	10.79	25.40	9.90	3.26	0.65	3.62	..	54.05
1913	..	..	0.07	..	..	..	25.81	33.33	3.72	5.75	2.35	..	..	71.03
1914	..	..	0.08	..	0.07	..	16.65	30.13	13.27	21.06	0.01	0.18	..	81.45
1915	..	..	0.30	0.69	0.06	0.36	39.78	14.62	8.45	10.78	2.55	0.02	..	77.67
1916	..	..	..	..	0.04	0.07	23.43	22.78	19.51	14.59	4.79	0.72	..	85.93
1917	..	..	1.68	..	..	0.88	14.96	13.26	32.18	16.92	19.96	..	..	99.84
1918	..	..	..	1.46	..	11.00	10.82	4.25	4.81	3.11	..	0.09	..	35.54
1919	..	0.11	..	..	..	..	16.31	31.30	10.85	8.03	1.54	0.18	..	68.32
1920	..	0.99	0.33	..	..	..	8.16	22.00	5.18	4.05	0.34	..	..	41.05
1921	..	..	..	..	..	..	26.74	35.68	10.36	13.02	0.22	..	..	86.02
1922	..	..	..	..	..	..	26.48	31.15	5.08	6.95	0.61	..	0.14	70.41
1923	..	..	0.05	..	0.02	..	7.19	43.26	8.72	18.32	..	..	..	77.56
1924	..	..	..	..	..	..	7.46	16.73	15.43	12.13	0.06	0.38	..	52.19
1925	..	..	..	..	..	2.76	27.86	8.38	7.71	3.52	0.22	0.37	..	50.82
1926	..	2.99	..	..	..	0.10	6.19	30.88	22.21	8.98	1.29	..	..	72.64
1927	..	..	0.04	0.03	..	..	32.52	16.85	6.74	5.33	7.30	5.48	0.09	74.38
1928	..	..	0.01	..	..	..	27.71	30.93	16.65	9.91	0.43	0.09	..	85.72
1929	..	0.63	..	0.02	0.04	..	25.45	16.08	6.06	5.58	4.82	0.22	0.86	59.76
1930	..	..	..	..	..	0.02	26.71	10.26	6.64	43.85	52.50	..	..	89.98
1931	..	..	..	..	0.01	..	6.08	47.50	23.71	4.48	13.07	2.40	0.69	97.94
1932	..	..	..	..	..	..	10.62	35.30	6.96	11.13	9.01	0.01	..	73.03
1933	..	..	..	..	..	2.85	10.29	14.13	18.81	12.31	3.04	0.01	0.93	62.37
1934	..	..	..	..	..	..	28.51	21.40	14.00	5.90	0.20	3.80	..	73.81
1935	..	..	..	..	..	..	27.69	24.10	16.69	11.90	1.04	0.18	..	81.60
1936	..	..	..	..	..	0.33	32.63	8.09	9.27	5.72	0.01	2.31	..	58.36
1937	..	..	0.50	..	0.10	..	18.32	30.40	5.40	14.20	1.70	..	..	70.62
1938	..	..	..	..	..	1.29	31.30	16.00	16.77	10.35	15.17	1.13	..	92.01
1939	..	..	..	..	..	..	4.67	33.07	10.88	5.39	0.17	..	..	54.18
1940	..	..	..	..	..	..	29.96	21.03	28.27	11.26	4.89	0.76	..	96.19
1941	..	..	..	..	..	..	12.20	9.96	5.93	6.03	1.62	..	..	35.74
1942	..	..	..	..	..	..	27.39	32.36	8.23	13.45	..	..	0.29	81.72
1943	..	0.28	..	..	..	6.02	30.19	29.62	3.28	8.15	3.77	0.04	..	81.35


00133622

Current Quotations as estimated by the Committee of the Bombay Chamber of Commerce during the year 1943.



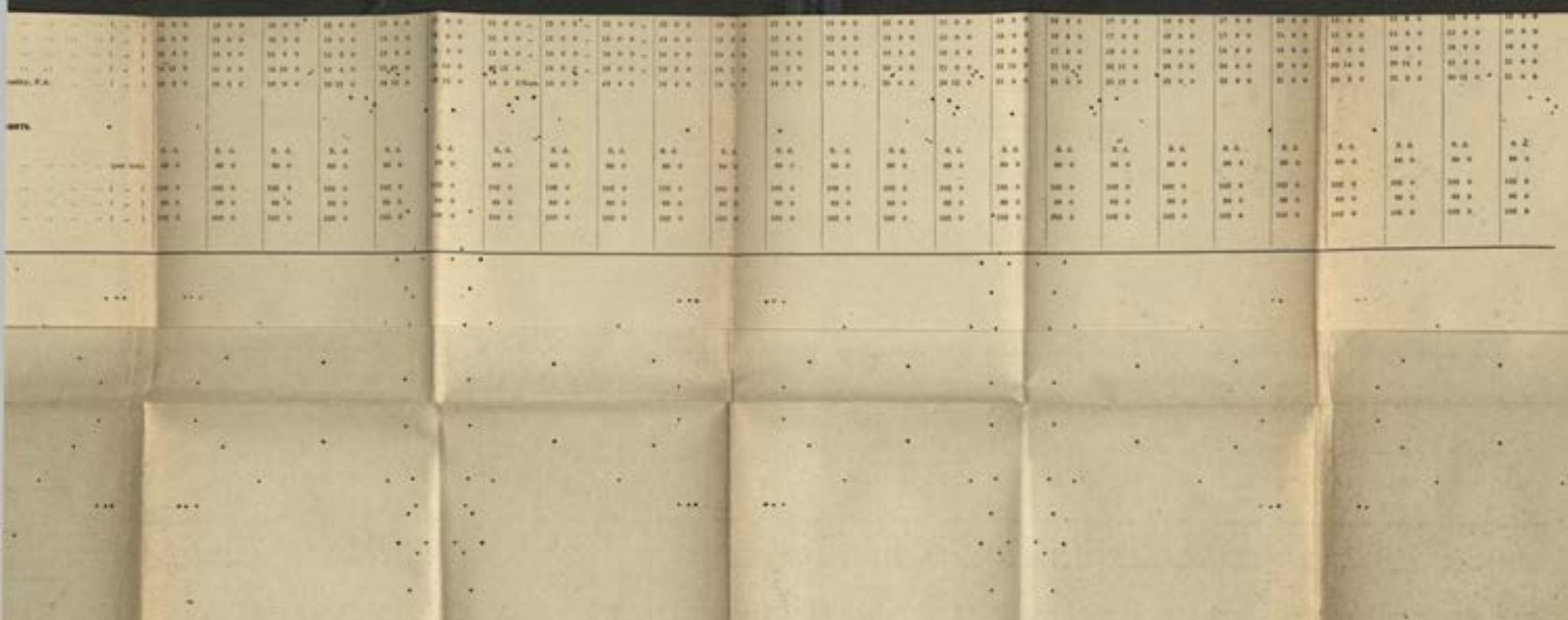
Current Quotations as estimated by the Committee of the Bombay Chamber of Commerce during the year 1943.



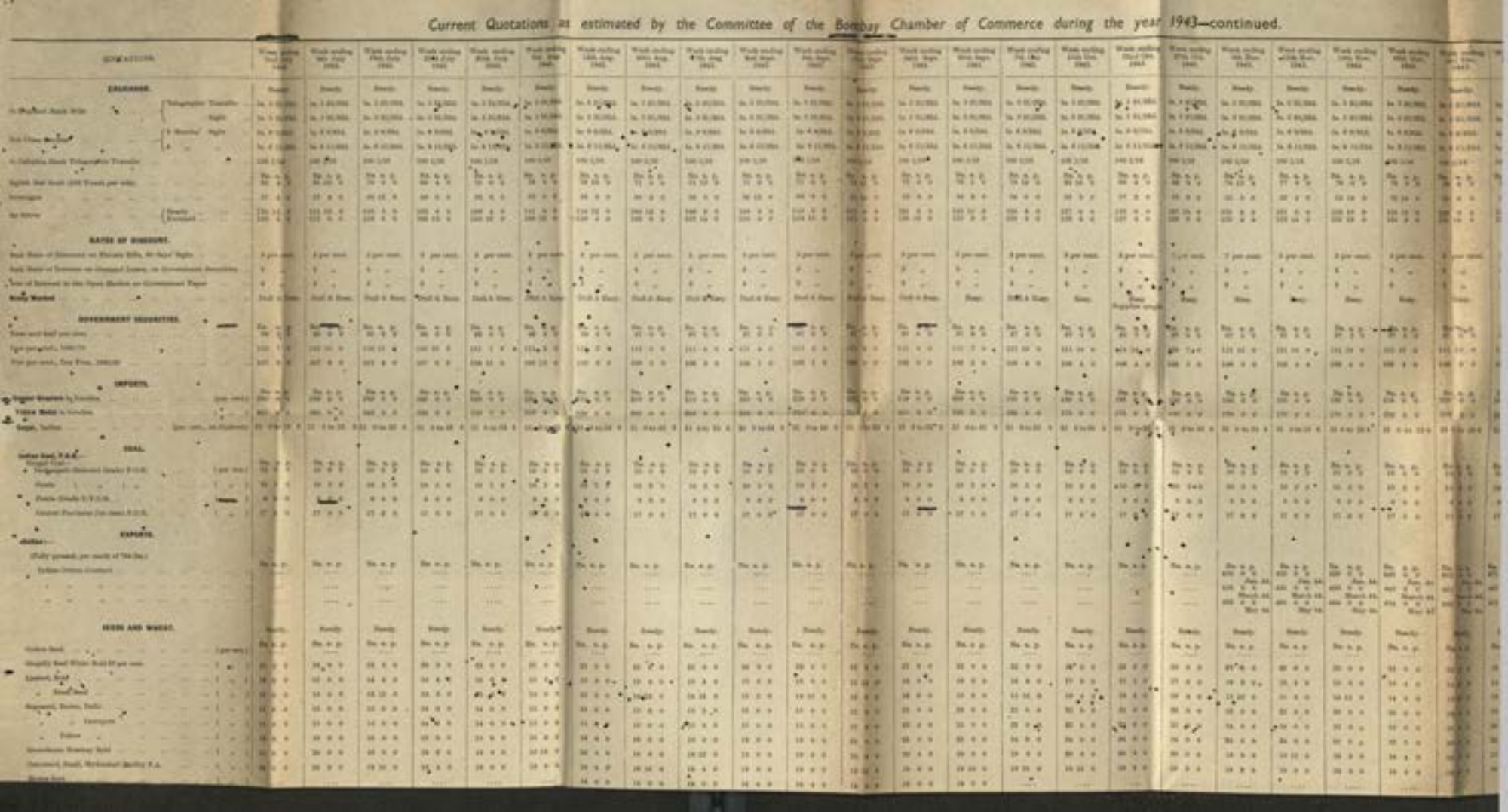
Rape-seed, Brown, Dobli																															
" Oleaginous																															
" Yellow																															
Sarsaparilla, Bombay Dull																															
Castor-seed, Small Tichenivel Quality, F.A.																															

PEGGOTTY.

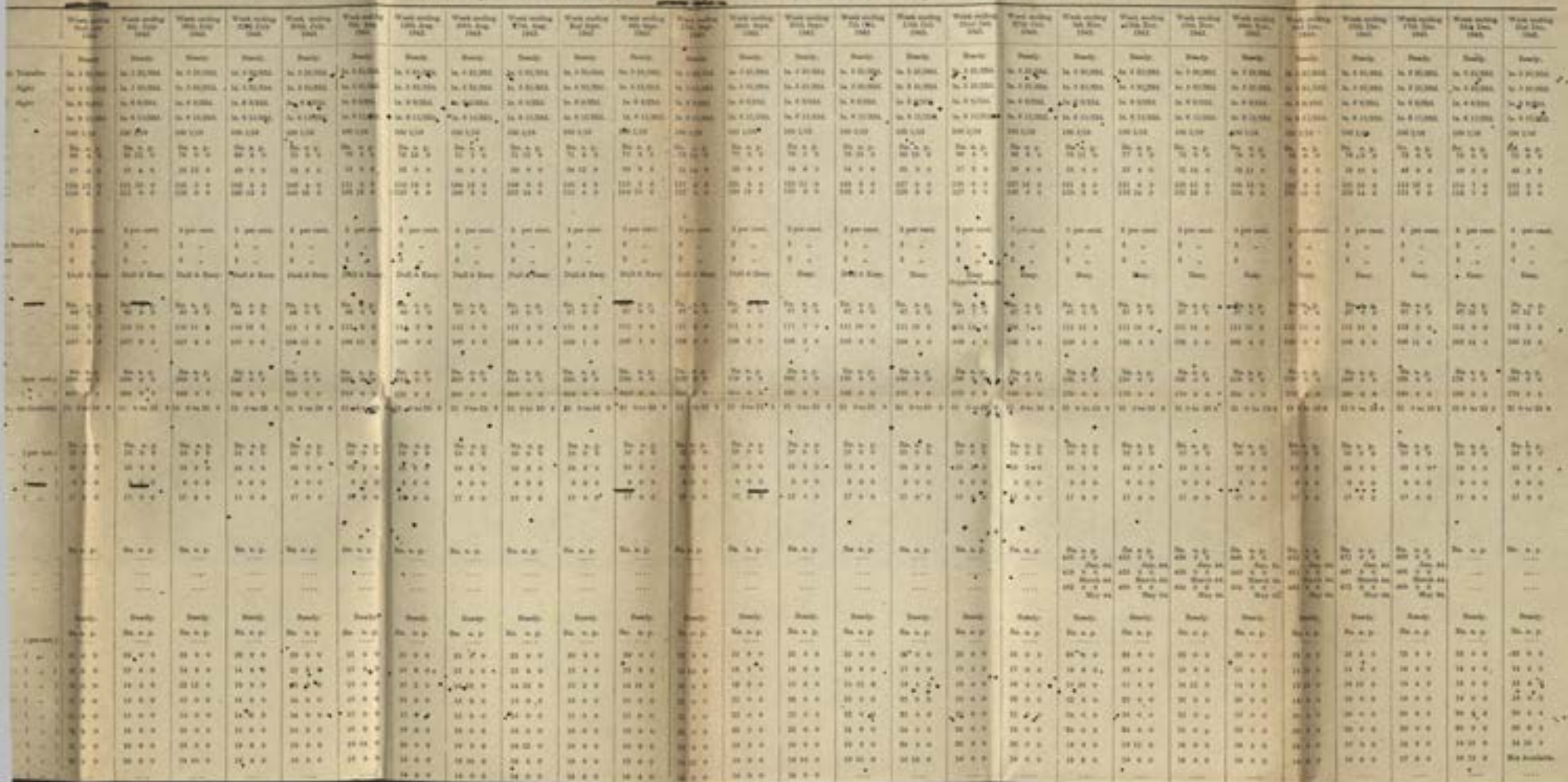
London—Light Seeds	(not sold)																														
" Cotton																															
Hull—Light Seeds																															
" " Cotton																															



Current Quotations as estimated by the Committee of the Bombay Chamber of Commerce during the year 1943—continued.



Current Quotations as estimated by the Committee of the Bombay Chamber of Commerce during the year 1943—continued.



LIBRARY
OF THE
BOMBAY
BRANCH
OF THE
ROYAL ASIATIC SOCIETY.

Digitized with financial assistance from
Government of Maharashtra
on 01 February, 2020